

THE

ELECTION CAMPAIGN.

PAMPHLET CASE No. /

A SUMMARY

OF

THE PUBLIC RECORDS

OF

THE PAST FIVE YEARS,

FOR

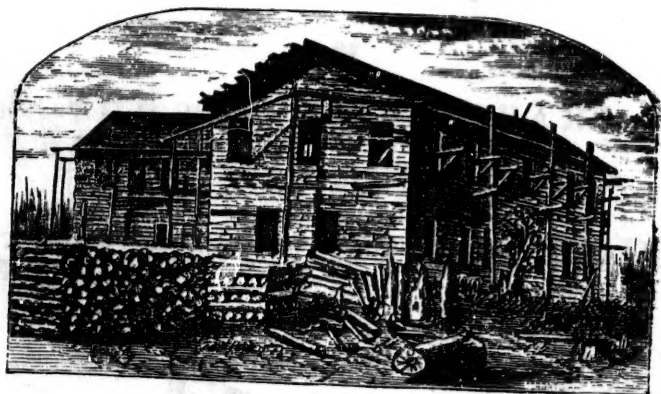
THE USE OF THE PEOPLE.



Toronto:

THE "DAILY MAIL" PRINT, CORNER KING AND BAY STREETS.

1878.



THE NEEBING HOTEL
COST THE COUNTRY \$5,029.



THE WEBBING HOTEL
COST THE COUNTRY \$8,000

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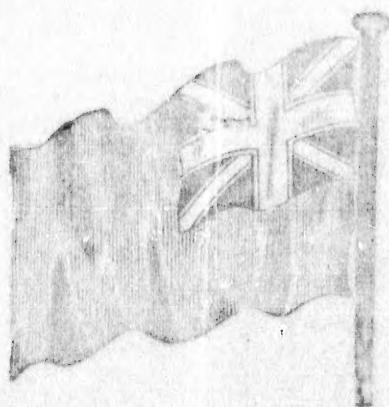
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LONDON:

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1878.

THE DAILY MAIL

PUBLISHED AT
KING STREET, TORONTO, ONT.

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The above Articles, republished from the columns of THE MAIL, are little more than a Summary of the Public Records of the past five years.

Toronto, July 1st, 1878.

THE MAIL, Toronto, Ont.

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Toronto, July 1st, 1878.

THE DAILY MAIL,

PUBLISHED AT

KING STREET, TORONTO, ONT.,

BY

CHRISTOPHER W. BUNTING.

THE MAIL was established in the year 1872 as the organ of the Conservative Party of Canada, and starting thus, immediately took a front rank among Canadian newspapers. Since that date it has surely and steadily worked its way onward, and gained circulation and influence which render it second to no other newspaper in the Dominion. The Increase in Circulation during the past seven months has been unprecedented.

It is published every morning (Sundays excepted).

SUBSCRIPTION PRICE, - - - \$6.00 PER ANNUM.

TO ADVERTISERS.

Advertisements are Inserted in both Morning and Evening Editions for the One Charge.

The rate for transient advertisements is ten cents per line, nonpareil measure, for each insertion. Special contract rates will be made known on application.

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Each insertion of Condensed advertisements on the first page, when not exceeding twenty words, **TWENTY-FIVE CENTS**, and **ONE-AND-A-HALF CENT** for each word over twenty. The advertisements referred to are as follows:

Farms for Sale,

Properties to Rent,

Horses and Cattle,

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Money,

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Address all letters to—

THE MAIL, Toronto, Ont.

THE WEEKLY MAIL

PRICE \$1.50 PER YEAR, POSTAGE PREPAID.

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Circulation of the Weekly Mail has Increased 35 per cent.

Within the last six months. This extraordinary success is no doubt due to the great improvements made in **THE WEEKLY MAIL** during the present year, which have made it

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EACH NUMBER CONTAINS:

NEWS from all quarters of the Globe.
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THE MAIL, Toronto, Ont.

THE PUBLIC EXPENDITURE.

No one acquainted with the politics of the country since 1867, or even since 1872, need be told that Economy was one of the first principles of the Reform party when it was in Opposition. In the conventions both of the Reformers of Ontario and the Rouges of Quebec, Economy held almost the first place; and it was owing in no small degree to the persistent declaration in behalf of Economy of the leading men and journals of the Party as a whole that it achieved such signal success in the general election of 1872, and after the resignation of the old Government, in the contest of January, 1874.

It is not to be denied that under the old Government there was a large, even a vast increase in the public expenditure. The figures are as follows, *vide* Public Accounts for the years named:

1867-8.....	\$13,486,000
1868-9.....	14,038,000
1869-70.....	14,345,500
1870-1.....	15,623,000
1871-2.....	17,589,500
1872-3.....	19,174,600

This was an increase in five years of nearly \$6,000,000, or \$1,000,000 a year. It must be borne in mind, however, that the work of establishing the Union, of making the British North America Act of 1867 an actual and material Confederation of the Provinces, was one involving enormous cost as well as enormous labour. Yet withal, this in-

creased expenditure was largely within the revenue. Just as a farmer can afford to improve his estate when his income is buoyant and ever-growing, so the old Government was able out of their splendid revenues, not only to deal liberally with the ordinary demands of expenditure, but to put aside every year a comfortable surplus of revenue over expenditure, which they applied to Capital Account and like purposes. The following table explains this more fully:

	<i>Expenditure.</i>	<i>Revenue.</i>
1867-8.....	\$13,486,000	\$13,687,900
1868-9.....	14,038,000	14,379,000
1869-70.....	14,345,500	15,512,000
1870-1.....	15,623,000	19,335,600
1871-2.....	17,589,500	20,714,800
1872-3.....	19,174,600	20,813,500
	\$94,256,600	\$104,442,800
		<i>Surpluses.</i>
1867-8.....		\$ 201,900
1868-9.....		341,000
1869-70.....		1,166,500
1870-1.....		3,712,600
1871-2.....		3,125,300
1872-3.....		1,638,900
		\$10,186,200

Thus while the expenditure in these five years was increased by \$6,000,000, the abundant revenue not only met the increase, but left a surplus of nearly \$10,200,000.

On the 5th November, 1873, four months after the close of the fiscal year 1872-3, Sir JOHN MACDONALD and his colleagues resigned and the present

Government took office. Now, though the MACKENZIE Administration thus ruled for eight months and the MACDONALD Administration for only four months of the fiscal year 1873-4, it would be manifestly unfair to hold the former responsible for the whole outlay that year, inasmuch as when Mr. MACKENZIE came in the public expenditure was being conducted on the basis of Mr. TILLEY's estimates for that year. Mr. TILLEY's estimates of the expenditure for 1873-4, i.e., the amount the old Government proposed to spend, was \$22,483,000, made up as follows :

First Estimates	\$20,941,000
Supplementary do	1,542,000

\$22,483,000

He announced that the supplementary sum of \$1,542,000 was required to meet the charges arising from the assumption by the Dominion of the Provincial debts, the expenses connected with the admission of Prince Edward Island into the Union, and the increases to the salaries of the Civil servants. Prince Edward Island had just been adopted into the Confederation. Beginning in 1867 with the four Provinces of Ontario, Quebec, New Brunswick and Nova Scotia, the MACDONALD Government secured Manitoba and the great North-West in 1870, British Columbia in 1871 and Prince Edward Island in 1872. They had united all the British possessions in North America, Newfoundland excepted. But not without a large outlay. It is one thing to annex or incorporate a Province on paper ; quite another to execute the instrument of incorporation. Mr. TILLEY estimated the revenue for 1873-4 at \$21,855,000, showing an apparent deficiency of \$628,000. But upon this point he said in his Budget speech : " The surplus next year " (1873-4) he estimated at \$913,000 ; " but the supplementary estimates and " propositions before the House would " require \$1,542,000, which would leave " a deficiency of about \$628,000. But

" owing to the surplus in the present " year no deficiency would arise." He had, as he believed, provided for everything, and when he left office with his colleagues, the account of revenue and expenditure was, as he and they believed, straight.

The Expenditure under the MACKENZIE Government has been as follows :

1873-4	\$23,316,000
1874-5	23,713,000
1875-6	24,488,000
1876-7	23,519,000

The estimated expenditure (i. e., the amount Mr. MACKENZIE proposes to spend) in the current year ending the 30th June next, is \$24,227,000, made up as follows :

Original estimate	\$23,379,000
Supplementary chargeable to Consolidated Fund, brought down 4th May, 1878	848,000

\$24,227,000

It is evident, then, that instead of cutting down the expenditure, Mr. MACKENZIE has increased it. He has, in fact, violated his pledge in a two-fold degree—first, in not having been more economical than his predecessor ; secondly, in having been more extravagant. Between the sum Mr. TILLEY proposed to spend in 1873-4 and the amount Mr. CARTWRIGHT asks for the current year, there is a difference of nearly \$1,750,000. It is contended on behalf of Mr. MACKENZIE and his colleagues that they have found it impossible to cut down because of the large increase made by the old Government in 1873-4. But if that be accepted, if they could not cut down Mr. TILLEY's figures, what excuse is that for the increase of \$1,750,000 ? And, again, if that be accepted, and they could not cut down Mr. TILLEY's figures, then the conclusion is unavoidable that when they led the country to believe that Economy was not only possible but practicable, and even sure, under their administration of affairs, Mr. MACKENZIE and his

associates acted either in ignorance or bad faith.

The pledges of public men should be sacredly observed; and in this case there were reasons even as cogent as a regard for their honour that pressed on the Reform leaders the necessity for Economy. Shortly after they took office the revenues which had been so abundant under their predecessors began to wane. The following table, showing the revenue as well as the expenditure, explains this succinctly :

	<i>Expenditure.</i>	<i>Revenue.</i>
1873-4.....	\$23,316,000	\$24,205,000
1874-5.....	23,713,000	24,648,700
1875-6.....	24,488,400	22,587,600
1876-7.....	23,519,000	22,059,000
	\$95,036,400	\$93,500,300

The estimated expenditure for the current year is \$24,227,000, and the estimated revenue \$23,500,000. But on the 10th February last, the latter estimate was over \$600,000 short, so that a deficit of close on \$1,500,000 is almost inevitable. We have, therefore, these three pictures :

(1.) Annual surpluses 1867-8 to 1872-3.....	\$10,186,200
(2.) Surplus, 1873-4. \$899,000 " 1874-5. 935,700	\$1,824,700
(3.) Deficit, 1875-6. \$1,900,800 " 1876-7. 1,460,000 Probable do. 1877-8. 1,500,000	\$4,860,800

From these striking pictures Mr. MACKENZIE must have gathered that, apart from his own pledges to the country, the national credit demanded Economy. He knew he had exhausted taxation, for the three millions he levied in 1874 had not averted deficits. Nothing remained but the most stringent Economy. That would have been at once the fulfilment of his promise to the people, and the salvation of the public credit from the blow which he knew chronic deficits would inflict upon it.

He has failed, however, to respond.

There has been a large increase in every branch of the purely controllable expenditure. When a merchant finds every other legitimate means of making both ends meet fail him, he considers it his duty to cut down his running expenses. An honest statesman would do likewise. But Mr. MACKENZIE appears to lack not only the honesty that should have impelled him, even had there been no deficits, to cut down the running expenses of the country, but the honesty that would have impelled even an unpledged man to that course. Take these running expenses from beginning to end :

First, a large increase has taken place in the cost of the Ottawa Departments. When he was leader of the Opposition, Mr. MACKENZIE always bewailed the extravagance under this head, which he ascribed to the "immoral coalition." In the fall of 1870 he took special pains to put this view before the country. In a speech delivered at London on the 25th October of that year, and reported in the *Globe* the day following he said :

"When the Government was first formed in 1867-8, the offices were filled with a great army of employes, but notwithstanding the entire expenses of Civil Government, including the Governor-General's salary and those of the Lieut.-Governors were \$594,445.82. What was it now? The very same items now reached \$661,675.82—an increase of nearly \$70,000 in two years, in consequence, as he firmly believed, of the naturally bad system of Government that existed under a coalition."

At St. Catharines, on the 15th of November of the same year (*Globe* of the 16th) he said :

"Why, the Ministry were packing the public buildings from attic to cellar—two or three in every room—till one could hardly find his way through them. The last time he was at Ottawa he found four men at the door waiting for the little man's behests inside."

These are but samples of his utter-

ances on this subject taken at random from his Opposition speeches.

The Rouges were also strong on Economy in Civil Government. Their platform of 1872 contained these three articles :

3. Reduction of the number of Ministers.

4. Diminution of the Governor-General's salary.

5 Reduction of the number of public employes to what is strictly required for the efficient performance of the public service.

Now here are the pregnant figures :

1872-3	\$750,900
1873-4	883,700
1874-5	909,300
1875-6	842,000
1876-7	812,200

Secondly, there has been a vast increase in the expenditure on Immigration. In the prosperous years when business was good and employment plentiful, a liberal appropriation under this head was highly desirable; but in 1874, when the present Government found a panic in the country and witnessed the complete prostration of industry they ought to have made no special effort to encourage immigrants. However, they took an opposite view. Mr. EDWARD JENKINS was appointed Agent-General in February 1874; handsome quarters were provided for him and an increased staff; a number of new travelling agents were appointed, and no expense spared to bring British labour to an already glutted market. In 1875 Mr. JENKINS's services were dispensed with and Mr. DORE and subsequently Hon. WILLIAM ANNAND, of Nova Scotia, succeeded him; but up to the close of the last fiscal year, no attempt has been made to cut down the enormous outlay on the immigration establishment and machinery in Europe, though it has long been apparent that the Canadian labour market is more than well supplied by those

already in the country. The expenditure under Immigration has been as follows :

1872-3	\$277,400
1873-4	318,600
1874-5	302,800
1875-6	335,900
1876-7	354,000

Of this total of \$354,000 for 1876-7, the sum of \$144,000 for special expenditure in Keewatin in connection with the small-pox quarantine there, and for Icelandic and Mennonite loans and refunds, must be deducted in order to bring the expenditure of that year to the ordinary level of that of 1872-3. This will make the total for 1876-7 \$210,000. So likewise the sum of \$96,000 for Mennonite loans and transport must be deducted from the apparent expenditure in 1875-6, leaving the ordinary expenditure that year \$289,900. The number of immigrants by the St. Lawrence route has been as follows :

1872-3	36,907
1873-4	23,894
1874-5	16,038
1875-6	10,901
1876-7	7,743

The *per capita* cost of each immigrant is therefore as follows :

	Immigrants.	Cost.	<i>Per Capita</i> Cost.
1872-3....	36,907	\$277,400	\$7 51
1873-4....	23,894	318,600	13 33
1874-5....	16,038	302,800	18 90
1875-6....	10,901	289,900	26 50
1876-7....	7,743	209,000	27 00

The immigrants who enter the country by the St. Lawrence route are the only immigrants who can be justly claimed by any Government as the result or fruit of Dominion expenditure. Last year, indeed, there were two Dominion agents in the States engaged in the work of repatriating French Canadians of whom they say they secured 836, *vide* Minister of Agriculture's report for 1877. But aside from this, the whole appropriation is spent in behalf of European immigrants; and the persons who cross the lines from the States and settle here or pass through here to the Western States come

of their own accord, and certainly not because of the money spent or the efforts made by Dominion agents in Europe. Moreover, if the immigrants from the States are to be claimed, then to make our population account an honest one, we should also keep official returns of the annual Canadian hegira to the States. Of late years the majority, i.e. the Ministerialists, on the Immigration Committee of the Commons have taken to claiming these arrivals from the States as, equally with the St. Lawrence route immigrants, the fruit of the appropriation, their object being to reduce the *per capita* cost of the European immigrant, which has increased so largely under the present Administration.

Thirdly, there has been an enormous increase in the cost of the outside Departments, that is, the Customs and Excise Departments. In the former this increase is most marked :

	Revenue Collected.	Cost of Collecting.
1872-3.....	\$13,053,900	\$568,000
1873-4.....	14,410,600	658,300
1874-5.....	15,387,000	682,700
1875-6.....	12,841,300	721,000
1876-7.....	12,556,800	721,600

The cost of collecting each \$100 of Customs revenue has therefore been as follows :

1872-3.....	\$4 35
1873-4.....	4 56
1874-5.....	4 44
1875-6.....	5 61
1876-7.....	5 75

A noteworthy feature in this Customs record is the astounding increase in the salaries, &c., at the port of Montreal :

	Revenue Collected.	Cost of Collecting.
1872-3.....	\$5,017,200	\$ 87,700
1873-4.....	5,639,000	95,800
1874-5.....	5,866,700	99,800
1875-6.....	4,296,300	117,300
1876-7.....	3,869,700	118,000

The port and city of Montreal, it may be added by way of explanation, has been the scene of several closely con-

tested elections since Mr. MACKENZIE took office.

The Excise returns are almost as significant :

	Revenue Collected.	Cost of Collecting.
1872-3.....	\$4,527,000	\$171,700
1873-4.....	5,651,500	201,200
1874-5.....	5,141,300	199,300
1875-6.....	5,597,000	218,300
1867-7.....	4,974,000	211,000

The cost of collecting each \$100 of Excise revenue has therefore been as follows :

1872-3.....	\$3.60
1873-4.....	3.55
1874-5.....	3.87
1875-6.....	3.89
1867-7.....	4.24

Fourthly, there has been a large increase in the cost of the Administration of Justice, as follows :

1872-3.....	\$399,000
1873-4.....	459,000
1874-5.....	497,400
1875-6.....	544,000
1876-7.....	565,600

Fifthly there has been a large increase in Pensions and Superannuation Fund. Reformers, at least the more "advanced," among them, were formerly opposed to pensioning and superannuating public servants. In the old Rouge platforms a special article advocating the abolition of these always had a place. The figures of Pensions are as follows :

1872-3.....	\$ 49,200
1873-4.....	56,400
1874-5.....	63,700
1875-6.....	110,200
1876-7.....	112,500

Of the Superannuation Fund as follows :

1872-3.....	\$ 53,000
1873-4.....	64,400
1874-5.....	77,300
1875-6.....	101,600
1876-7.....	104,800

Sixthly, there has been no tangible decrease in the salaries and labour charges on the Public Works. The following are the figures for the principal Canals :

	1872-3.	1873-4.	1874-5.
Welland ...	\$118,587	\$161,224	\$147,343
Lachine	66,756	57,680	67,956
Beauharnois ..	22,936	27,280	27,554
Cornwall.....	26,414	21,883	21,317
Williamsburg ..	14,947	15,428	11,823
Chambly.....	24,600	30,439	30,867
Ottawa and Rideau....	50,375	51,707	48,482
Carillon and Grenville..	19,748	22,523	20,945
	\$344,413	\$388,164	\$385,287

	1875-6.	1876-7.
Welland	\$145,619	\$116,274
Lachine	72,119	62,829
Beauharnois	32,772	30,680
Cornwall	20,687	21,025
Williamsburg	20,284	18,592
Chambly	26,219	22,851
Ottawa and Rideau....	42,948	42,280
Carillon and Grenville..	23,735	22,633
	\$384,383	\$337,164

The charges on Government railways and telegraphs have been as follows :

1872-3	\$1,063,882
1873-4	1,877,169
1874-5	1,621,654
1875-6	1,536,403
1876-7	1,923,321

Adding these together, the totals are as follows for the principal canals and the railways and telegraphs :

1872-3	\$1,408,295
1873-4	2,265,333
1874-5	2,006,941
1875-6	1,920,786
1876-7	2,269,485

It will be observed that as between 1873-4 and 1876-7, there is a decrease in Welland canal charges of \$55,000, the works begun there in 1874-5 rendering a large staff on the old works unnecessary. But that aside there has been no tangible decrease.

Now let us make a total of these running expenses. It is often contended on behalf of the Government that the MACDONALD Ministry made so large an increase to the public staff prior to their resignation in November, 1873, that their successors have found it impossible to reduce the running expenses. Put in logical form this plea

is—A was so outrageously extravagant that B, who pledged himself to cut down A's extravagance, found the task impossible after a five years' effort.

But assuming that the MACDONALD Ministry was responsible for all the increases in 1873-4. Assuming that they made all the new appointments, even JENKINS', during their four months' tenure that year, and that in their eight months' tenure the MACKENZIE Ministry disappointed their followers and absolutely refused to give an office or an increase to anybody. Assuming all this, let us compare the running expenses of 1873-4 with those of last year :

	1873-4.	1876-7.
Civil Government .. \$	883,700	\$ 812,200
Immigration.....	318,600	210,000
Customs Salaries...	658,300	721,600
Excise Salaries.....	201,200	211,000
Administration of Justice.....	459,000	565,600
Pensions	56,400	112,500
Superannuation Fund.....	64,400	104,800
Public Works.....	2,265,300	2,260,500
	\$4,006,900	\$4,998,200

This shows an increase of \$90,000. Now let the reader remember what has been yielded in the Government's favour in this table : (1.) That the MACDONALD Government made all the appointments of 1873-4 and that the present Government made none ; and (2.) the sum of \$144,000 has been struck out of the Immigration total of 1876-7 because it is claimed to be special Icelandic and Mennonite expenditure. Yielding all that, and it is giving the Government their whole case, the fact remains that the gentlemen who took office to cut down the expenditure have increased the running expenses of the country \$90,000 at a period of extreme depression and in an era of chronic deficits.

Not only that—they have spent this much more in doing less work, for there is a wide difference in the Immigration and Revenue Collection returns of the two years : Immigration in 1873-4 and

	1873-4.	1876-7.
Immigrants secured	23,894	7,743
Customs Revenue collected	\$14,410,600	\$12,556,800
Excise Revenue collected	\$5,639,000	\$3,869,700

In the above even the impossible has been yielded in the Government's favour. It is impossible, for instance, that gentlemen who had been out of office twenty years and who were beset on every side by clamorous friends should have made no appointments in the first eight months of their tenure. It is reasonable to suppose that they were as much responsible for the increases that year as their predecessors, and fair, therefore, to go back to the last full year of the latter for the purpose of comparing the running expenses :

	1872-3.	1876-7.
Civil Government	\$750,900	\$312,200
Immigration	277,400	210,000
Customs salaries	568,000	721,600
Excise salaries	171,700	211,000
Administration of Justice	399,000	565,600
Pensions	49,200	112,500
Superannuation Fund	53,000	104,800
Public Works	1,408,300	2,260,500
	\$3,677,500	\$4,998,200

Or an increase of \$1,320,000. According to the Reform leaders the figures of 1872-3, nay of each year of the old Government's management, were grossly extravagant, the extravagance being due in the main, as Mr. MAACKENZIE expressed it, "to the naturally bad system of government that existed under a Coalition." Yet the fact is patent that after governing the country for five years, with a majority at their command that would probably have supported them in measures of economy as cheerfully as it defended their extravagance, the Reform party is allowing the running expenses to exceed those of the last full year of the Coalition by \$1,320,000, or exactly 33 cents per head of the population. Is this what the Re-

formers of Canada expected of their leaders ?

The capital expenditure since 1872-3 has been as follows :

	1872-3.	1873-4.	1874-5.
Miscellaneous Pub Works	\$48,000	\$1,526,800	\$2,731,500
Pacific Railway	561,000	310,200	1,546,300
Intercolonial Railway	4,27,200	2,417,700	2,045,500
North-West	63,200	Nil.	Nil.
Debts allowed Provinces	19,959,000	4,927,000	Nil.
	\$19,364,200	\$10,151,700	\$6,923,200

	1875-6.	1876-7.
Miscellaneous Public Works	\$2,808,600	\$4,590,200
Pacific Railway	3,334,600	1,691,000
Intercolonial Railway	999,000	1,318,400
North-West	Nil.	Nil.
Debts allowed Provinces	Nil.	Nil.
	\$7,142,200	\$7,599,600

The national debt, according to Senator MACPHERSON's computation, which has not been challenged, has increased in this way :

1872-3	\$129,743,400
1873-4	141,163,500
1874-5	151,663,400
1875-6	161,205,000
1876-7	174,675,800

Total increase in debt since 1872-3, \$44,932,400.

The increase in the interest on the debt has been as follows :

Interest in 1872-3	\$5,549,400
Interest in 1873-4	6,122,800
Interest in 1874-5	6,340,000
Interest in 1875-6	6,753,200
Interest in 1876-7	7,132,400

Total increase in the interest on the debt since 1872-3, \$1,583,000.

Deducting what are known as the "assets"—they are not realizable—Mr. CARTWRIGHT brings out the debt table as follows :

1867	\$75,729,000
1868	75,757,000
1869	75,859,300
1870	78,209,700
1871	77,706,500
1872	82,187,000
1873	99,848,500
1874	108,325,000
1875	116,008,400
1876	124,551,600
1877	133,000,000

In behalf of the Government it is often urged that a large increase in the national debt occurred under the old Administration. True, the Reform Party condemned the increase under the old Government. The theory of a defence of this kind—and it is a favourite one with the Ministerialists in the House and country—is that they are justified by that which they condemned in others. Between 1867 and 1873, the debt increased \$24,000,000; between 1873 and last year, \$33,000,000. As Mr. MACKENZIE and his friends condemned their predecessors for increasing the debt \$24,000,000 in six years, their defence of the increase of \$33,000,000 in their own four years is a lame one even on their own peculiar theory of justification.

The largest increase under the old Government took place in 1872-3, when the debt rose nearly \$18,000,000. But of this increase nearly \$14,000,000—as will be seen by reference to the Capital Account table above—consisted of the debts of Ontario and Quebec, and other Provinces which, by Mr. TILLEY's Act of May, 1873, the Dominion assumed. By the 112th and 118th sections of the British North America Act a stipulated amount of debt, viz., \$62,500,000, was assumed by the Dominion, and the excess of debt over that amount, viz., \$10,500,000, devolved on Ontario and Quebec, the former becoming responsible for five-ninths, or \$5,833,000, the interest of which at 5 per cent., viz., \$391,000, became an annual charge on the revenues of Ontario, and was paid from 1868 until the TILLEY Act placed the whole \$10,500,000 on the Dominion. Debts of other Provinces to the amount of nearly \$3,500,000 were assumed at the same time. This accounts for the enormous increase in the debt in 1873. But as a matter of fact it is not an increase at all, being merely a transfer of the debts from the Provinces to the Dominion. As to the other increases be-

tween 1873 and 1867, this is what Mr. CARTWRIGHT told the London financiers in his circular of the 19th October, 1875, when he was negotiating a loan there:

"The whole of the debt has been incurred for legitimate objects of public utility.

The indirect advantage from these public works has already been found in the remarkable rapidity with which the commerce and the material prosperity of the Dominion have been developed; while a substantial increase in the direct returns may fairly be expected from the improvements now in progress and to follow the steady progress of population and trade.

The revenue has shown a continuous surplus during each year since Confederation, in 1867, although it has in the interval been charged with much heavy expenditure of an exceptional kind, such as the outlay connected with the several Fenian attacks on the country, the acquisition and organization of new territory, and providing an adequate defensive force for the Dominion.

The eight years since Confederation, therefore, exhibit an aggregate surplus of two millions four hundred and forty-three thousand one hundred and eleven pounds (equal to eleven millions eight hundred and eighty-nine thousand eight hundred, and eight dollars, and not including the sinking fund) which has been partially applied in the redemption of debt, and partially expended in new works. The annual payment for sinking fund is included in the current expenditure, and forms in the aggregate a further sum of seven hundred thousand pounds (or three millions four hundred and six thousand six hundred and sixty-eight dollars) since Confederation."

Mr. CARTWRIGHT has since alleged that in this circular he merely showed the London capitalists the "silver side of the shield," concealing the brazen side—which means in plain English that he got their money under false pretences. We prefer to accept his circular as an honest statement. His friends can have it struck out of this record as bogus on shouldering the inference.

From what has been established in the foregoing chapter—and to make the narrative plain the figures in the Public Accounts have been accepted as they stand, no exception being taken to the manner in which the Finance Minister has made the expenditure in 1873-4 look bigger than it actually was, and the expenditure in 1876-7 look less than it actually was—these truths are patent :

(1.) That the Reform leaders who took office to cut down the general expenditure have increased it.

(2.) That they have not only broken their pledges but ignored the urgent

necessity for Economy created by "hard times."

(3.) That so far from reducing the running expenses of the machinery of government which they denounced as grossly extravagant, they have largely increased them.

(4.) That instead of reducing the national debt they have added more to it in four years than their opponents did in six.

(5.) That instead of enjoying "a career of material prosperity and material progress" under their management, the country is suffering grievously from deficits by which its credit is being impaired and its future injured.

A RECORD OF EXTRAVAGANCE AND CORRUPTION

WHEN a party has been out of office a quarter of a century, it is only in the nature of things that its supporters should be hungry for the spoils. It is possible that when Mr. MACKENZIE took office, it was his determination to guard the Treasury closely and keep faithful watch over the public expenditure. Events show, however, that he was soon overpowered by his rapacious followers. Some of these had spent lavishly of their means in maintaining his cause. Others, deserters from the Conservative side, wanted pay for their treachery. All were eager to get at the loot; and if the Premier ever reckoned on keeping them at arm's length, he sadly overrated his own moral strength, and underrated the tremendous influences with which they bore him down early in the day.

THE SURVEY PAYMENT TO MR. FOSTER.

Among those who had served the Reform Party by betraying Sir JOHN MACDONALD was ex-Senator A. B. FOSTER. His services had been of the dark-lantern order, resembling in moral degree those rendered by McMULLEN of Chicago, and NORRIS, Mr. ABBOTT's confidential clerk. Mr. MACKENZIE had scarcely warmed his chair in the Public Works Department, when Mr. FOSTER appeared for his reward. He was a railroad man, a railroad contractor and speculator in railways. The Premier, who had the magnificent water-stretches scheme

in his head at this time, determined to give Mr. FOSTER a contract for building the Georgian Bay branch of the Pacific railway. According to his Opposition principles, the letting of a contract of this kind required the consent of Parliament; but it was there and then given to Mr. FOSTER, the urgency of the case, as the Premier afterward pleaded, and the necessity for the early construction of the branch rendering it inconvenient to wait for the assent of the House. A few months prior to this, Mr. MACKENZIE was railing at the old Government for contemplating the letting of a contract before the route had been surveyed by the Government engineers. Yet he gave Mr. FOSTER this contract, although the line had neither been fixed nor surveyed. Mr. FOSTER was to begin construction on the 1st June, 1875, and have the work completed by the 1st January, 1877. The contract also provided that Mr. FOSTER should be paid \$10,000 a mile, and 20,000 acres of land per mile, and, in addition, that he should be paid interest on the sum of \$7,500 per mile for a period of twenty-five years after the completion of the road. The contract also provided that in the event of the contractor failing in his agreement to complete the work by the time specified, the Governor-in-Council should be at liberty to take it out of his hands and complete it at his expense. It also provided as follows :

"The Governor-in-Council in the event of his annulling this contract (for failure on the part of the contractor) may direct the Minister to proceed to re-let the same or any part thereof or employ additional workmen, tools and materials as the case may be, and complete the works at the expense of the contractor who shall be liable for all extra expenditure which may be incurred thereby, and the contractor shall forfeit all right to the per centage retained and to all money which may be due on the works or securities deposited."

To bind this, Mr. FOSTER deposited the sum of \$85,000 in the Ontario Bank as security. He began the survey of the route and proceeded in a desultory fashion until early in 1875, when, before he had struck a blow at construction, he abandoned the work and the contract. It was then Mr. MACKENZIE'S duty to confiscate Mr. FOSTER'S securities or proceed with the work at Mr. FOSTER'S expense, as by the contract provided. But Mr. MACKENZIE did not do his duty, nor fulfil the law. He not only handed Mr. FOSTER his securities back, but proceeded to entertain his claims for indemnity and paid him \$41,000 for the survey work he alleged he had done. Instead of Mr. FOSTER being made to suffer for his breach of contract he was indemnified for it, and the country suffered. Here was a Reformer letting a vast contract without the consent of Parliament, and then setting the law at defiance and paying the contractor for failing in his agreement.

The only defence put forward on behalf of the Premier is that the \$41,000 was paid on the certificate of Mr. SANDFORD FLEMING, the chief Engineer. It is not contended that Mr. MACKENZIE did not violate his old-time principles in letting the contract without the consent of Parliament. Nor that he did not disregard wantonly the terms of the contract itself providing for the forfeiture of the contractor's claims and securities in case of failure. These ques-

tions are begged, and a wretched plea advanced that Mr. FLEMING certified that \$41,000 worth of surveying had been done. But this is a false plea. This is what passed on this branch of the subject before the Committee :

"Dr. Tupper—The order-in-Council requires the engineer to certify before payments are made. Do you hold yourself responsible for the payment of this \$41,000 ?

"Mr. Fleming—No, not at all ; I never certified for the payment."

So that the Premier not only let the contract without Parliament's approval, and not only broke the law and the contract in entertaining the claims of the contractor after he had failed even to begin the work of construction, but paid him for work of which he had no knowledge. As a last excuse Mr. MACKENZIE puts forward the following letter from Mr. FLEMING :

"I have made every enquiry into the subject, and feel assured that in the event of the Georgian Bay contract being proceeded with, the expenditure incurred will generally be available in the prosecution of the work."

This is not a certificate for the \$41,000, nor a warrant for the Premier's breach of his Reform principles and of the law. It was written two months after the money had been paid to Mr. FOSTER, and was the result, no doubt, of an appeal by the Premier to his subordinate to help him out of his difficulty. But alas ! there is no solid comfort even in this brief note for the taxpayers, for according to the Premier's latest scheme for constructing the Georgian Bay branch, the route will not cover the line traversed by Mr. FOSTER'S surveyors.

THE RAILS PAYMENT TO MR. FOSTER.

Forty thousand dollars is a big sum to a poor man who works for a dollar a day, or to a farmer who thinks he is making money hand over fist when he

can put away \$500 a year. But to men in Mr. FOSTER's position it is a trifle and he wanted more. He was given the contract for the Canada Central extension, running from the village of Douglas to Burnt Lake, the eastern terminus of the Georgian Bay branch. The Minister of Public Works was authorized to make payments on account of "rails delivered at any point of the line to be constructed to the extent of 75 per cent. of the value thereof," provided only the contractor was making such progress as would show that the contract would be completed by the 1st January, 1877. Mr. FOSTER, before abandoning this contract also, had dumped 1,906 tons of rails, not "at any point of the line," as the contract demanded, but at Renfrew, ten miles distant from the line. For these rails Mr. MACKENZIE paid Mr. FOSTER \$68,000, after he had abandoned the work and broken his agreement to complete the road by the 1st January 1877. When the matter came before the House, Mr. MACKENZIE defended himself by laying the responsibility on Mr. FLEMING.—*Hansard*, 1877, p. 343:

"Mr. Haggart—On what was this money paid? On rails?"

"Mr. Mackenzie—I have just mentioned what it was paid on. I was stating that the order-in-Council provided for the payment of 75 per cent. of the value of the rails, as they were delivered at any point on the road.

"Mr. Haggart—But no rails have been delivered at any point.

"Mr. Mackenzie—The hon. gentleman says no rails have been delivered at any point on the road. I can only say, in reply, that the certificates of the engineer declaring that they were delivered are in the Public Works Department. I never made an examination to see whether the rails were delivered or not, but I am bound under the law to make payments upon receiving such certificate that they have been delivered, and these certificates were of course presented."

And again, page 344:

"Mr. Mackenzie—I can only state, in reply to the hon. gentleman (Mr. Haggart), that the certificates of the engineer will be produced. I was not aware that they were called in question. I do not know that I ever saw them. The certificates came in the usual way, and were paid in the usual way by the officers of the Department. I have no reason to believe that Mr. Fleming, who is a very careful officer, would give false certificates."

Here the responsibility was thrown directly on Mr. FLEMING.

Now, if 75 per cent. of the value of 1,906 tons of rails was \$68,000, their full estimated value must have been \$85,000, or over \$44.50 per ton. But these were not steel, but iron rails of a very poor quality. Mr. MUSSEN, the Inspector, testified as follows before the Committee:

"Mr. Kirkpatrick—What was the quality of the iron? A. It was not exactly the best of iron. I have seen better.

"Mr. Kirkpatrick—Have you ever seen worse? A. I don't think I have.

"Q. What is the character of the rails? A. The section is good, but I consider the quality poor.

"Q. Did they break? A. They broke sometimes. One was broken by dropping it. Some were broken by the excessive heat. I could not say exactly whether it was a correct description of them to say that they were a thin crust of iron and an inside of rubbish and slab. The rails are not much used, only one train a day running on them. They are not all worn out yet. The value of the rails was, he thought, from \$30 to \$31 a ton at Montreal. He did not know what the freight from Montreal was."

The freight to Renfrew from Montreal would be \$2 a ton at the outside; but suppose, freight included, they were worth \$36 a ton as they stood in the pile, the value of the 1,906 tons would be \$68,616, yet the Premier, on Mr. FLEMING's certificate as he told Parliament, paid Mr. FOSTER \$68,000 as being

75 per cent. of their value. It turned out, however, that Mr. FOSTER had borrowed 227 tons of the pile, which to this day have never been returned. True, he gave security for the borrowed rails, depositing with Mr. MACKENZIE bonds of the South-Eastern railway to the face value of £6,000 stg. Without considering the question of Mr. MACKENZIE's right to lend public property, suffice it that these bonds were utterly worthless. The South Eastern railway was a wild-cat scheme, and its bonds never had a value. The Premier was asked about this in Committee :

"Dr. Tupper—Would you be surprised to learn that these bonds cannot be sold for anything ?

"Mr. Mackenzie—I have no reason to be surprised or pleased, for I know nothing about them."

The sum and substance of the whole transaction was that the country paid \$68,000 for 75 per cent. of the value of 1,906 tons of rotten rails worth at the outside when new \$68,600, and held worthless bonds in the place of 227 tons of them. For all of which, said Mr. MACKENZIE, Mr. FLEMING was responsible.

But assuredly Mr. FLEMING was not responsible for the Premier entertaining Mr. FOSTER's claims after he had abandoned the work, nor for lending Mr. FOSTER the 227 tons, nor for accepting the worthless security. Nor, as Mr. FLEMING told the Committee, was he responsible for the valuation of the rails claim. He was asked if he certified the payment of the \$68,000, and his answer was :

"No. My authorities for this payment were partly the order-in-Council and partly verbal instructions from the Minister of Public Works, to whom Mr. Foster made application for payment for the rails."

As a matter of fact Mr. FLEMING, as he told the Committee, did not know what quantity of rails Mr. FOSTER had deposited, nor where, though he had heard

that he had deposited some. He wrote a note—at whose request the evidence does not show—stating that Mr. FOSTER had deposited a quantity of rails (number of tons not given) along the Canada Central Extension. Mr. MACKENZIE wrote on the back of this note : "This may be paid in accordance with the order-in-Council, 4th November, 1874. "See journal, 1875, page 219.—A. M." And Mr. FOSTER, who had abandoned his contract, who was entitled to nothing, pocketed the \$68,000, while the taxpayer secured 1906—227—1679 tons of old iron rails and £6,000 worth of worthless bonds. Just how this sum of \$68,000 was arrived at, or who and on what basis it was figured out, the evidence does not disclose.

This closed Mr. FOSTER's account. He had secured \$109,000, and evidently considered that he had been pretty well paid for his services, for he retired forever from the Public Accounts.

MR. J. D. EDGAR.

So long as the Reform Party controls either the Dominion or the Ontario Treasury, the taxpayer may look for this patriot's name in the Public Accounts and be sure to find it. Every new defeat at the polls only gives him a new claim. It would be money in the national pocket if Reformers and Conservatives would agree to return him to Parliament by acclamation for life.

In January, 1874, he was defeated in Monck. He showed the fresh, gaping wound to his leaders at Ottawa and was at once despatched on Government service and at the country's expense to the Pacific slope. His bill will be found in the Public Accounts for 1874 part 2, p. 155 and Public Accounts for 1875 part 2, p. 178 :—

1874—J. D. Edgar, account of expenses to British Columbia.....	\$5,000
1875—J. D. Edgar, expenses as delegate to British Columbia.....	1,000

\$6,000

Other than that he gorged his poetic soul on the grandeur of the Yosemite, and then let it loose in a series of letters to the *Globe*, there is no record of what he did for his \$50 a day.

MR. DAVID MOORE.

Mr. MOORE, at one time a Conservative, joined the Reform party, and rendered signal service to Mr. BLAKE in South Bruce in 1867. He is a farmer and a good one, but when the Reform leaders gained office he suddenly turned contractor. He wanted his reward. In January, 1874, tenders were called for works in connection with Goderich harbour, and Mr. MOORE, armed with this little note from Mr. BLAKE, proceeded to Ottawa:

"TORONTO, Jan. 2nd, 1874.

"MY DEAR MACKENZIE,—David Moore, of Walkerton, asks me to inform you that he is about to tender for the Goderich works, and I do so accordingly. I told my friend Moore that an introduction was unnecessary, as you would let the work fairly without respect of persons.

"EDWARD BLAKE."

The four lowest tenders for the work were:

Tolton	\$182,630
Neilson	200,375
Ellis	212,155
Moore	212,540

Mr. MOORE got the contract from Mr. MACKENZIE. When the matter was brought up in the House Mr. MACKENZIE explained that the contract was not given to TOLTON because his tender was so low that it would have involved him in ruin, and further that nothing was known of him as a contractor.

But TOLTON's tender was 20 per cent. higher than the price for which similar work had been done in the same harbour with profit to the contractor and to the satisfaction of the Government. Further he had agreed to sub-let the dredging portion of the work to that eminent contractor, the late Mr. JOHN

BROWN of Thorold, at a profit on his tender of \$12,000, and he had good reason to believe that he would have cleared at least a like sum on the remainder of the work. As to TOLTON's obscurity as a contractor, he was well known to the Government as the contractor who, a few months prior to the Goderich tenders being submitted, had completed the works in Meaford harbour to the satisfaction of the Public Works Department. His sureties, Sheriff SUTTON and Mr. HENRY TOLTON, were well known in Bruce as men of means and repute. He had received the highest possible commendation from the bank with which he does business, and the bank manager's letter had been communicated to the Department. Lastly, Mr. DAVID STIRTON, then one of the Reform members for Wellington, sent a telegram to the Premier on the 4th January, 1874, as follows:

"To Hon. Alex. Mackenzie, Minister of Public Works, Ottawa:

"I understand that John Tolton, of Walkerton, has tendered for the Goderich harbour works. Mr. Tolton, is a thorough, practical, honest, and reliable man, financially able and accustomed to the construction of public works. The securities named are reliable, sound men.

"D. STIRTON."

Yet in the face of this evidence as to TOLTON's ability to fulfil his obligations and his experience as a contractor, the Premier gave the contract to "My friend, "MOORE," who in all his life before had never contracted for a public work. MOORE thus got his reward. He was a poor man before he got that letter from Mr. BLAKE; he is to-day the owner of a handsome property in Bruce for which it is said he paid \$50,000.

ADAM OLIVER AND HIS FRIENDS

As hungry a Reformer as any that hailed the advent of the Party to power was Mr. ADAM OLIVER, of Ingersoll. An ignorant and boorish man, Mr. OLIVER

is nevertheless gifted with much shrewdness, while his whole life has been one big job. Mr. JOSEPH DAVIDSON, one of his partners, is also an accomplished schemer, and the remaining member of the firm, Mr. P. J. BROWN, is the law adviser for the concern. These three men had acquired a considerable quantity of land in the Lake Superior region. In 1872-3 they secured lot No. 6 in the Township of Neebing, 136 acres in extent, for \$5 an acre, or a total of nearly \$700, and later they secured a small portion of the adjoining tract which came to be known as the Town Plot. Intrinsically, these lands were valueless. The speculation hinged altogether on the selection of the Superior terminus of the Pacific railway by the Government. If Prince Arthur's Landing were selected, OLIVER & Co.'s money would be lost; if by any means the Government could be induced to ignore the Landing and choose the Kaministiquia, a stream flowing through their purchase, the fortunes of the gentlemen from Ingersoll would be made. Mr. OLIVER was at that time a member of the Local Legislature. Mr. BROWN, the law man of the firm, had figured prominently before the Proton Committee of the Legislature, having been the person who secured LEWIS, the valuator, and despatched him to Mr. McKELLAR who sent him up to that bulldozed Township. The speculators, it will be seen, had claims upon the party.

In the fall of 1874 Mr. MACKENZIE had to all intents and purposes given the Landing the go-by, and Mr. MURDOCH, one of his engineers, was then engaged surveying for the best site on the Kaministiquia. Perhaps the Premier abandoned the Landing without any intention of unduly favouring the Kaministiquia because of OLIVER & Co.'s connections there. To this day there is a wide difference of opinion as to the merits of the two harbours.

OLIVER's friends and the lake captains doing business for him maintain that the Kaministiquia is the better harbour, while sailors with quite as much experience and less self-interest at stake stand up for the Landing. Possibly, then, Mr. MACKENZIE preferred the Kaministiquia because he honestly believed it was the better water terminus of the two. Whether he did or not, however, does not concern or affect the subsequent events with which we have to deal.

FROM "THE VERY BEST AUTHORITY."

While Mr. MURDOCH was examining the Kaministiquia, Mr. DAVIDSON, of the firm, suddenly began to buy up the lots in the Town Plot, giving big figures for them. This was in November, 1874. On being asked by a Mr. CLARK, from whom he bought five lots, what induced him to pay such an exorbitant price for land that was virtually worthless, he answered that he knew what he was doing; that Mr. MACKENZIE had told him the terminus was to be placed at the Town Plot. He also produced a map which he told CLARK he had got from Ottawa, on which was marked what he said was the proposed Government reserve. Here is CLARK's evidence on this point as given in the blue book containing the report of the Senate Committee, 1878, p. 57:

Did Mr. Davidson give any reason for purchasing then, after the sale? Yes; he said he knew the terminus was to be there. It was not generally known whether it was to be there or at Prince Arthur's Landing.

But he said the terminus was going to be there? Yes.

Did he tell you how he knew it was going to be there? Yes.

What did he say? He said that he got his information from Mr. Mackenzie.

Information that the terminus was to be there? Yes.

Did he say at what place Mr. Mackenzie told him? I remarked I thought it was not likely Mr. Mackenzie would write to him about the terminus; and he said Mr.

Mackenzie was in Toronto and had told him that. To satisfy myself—because I rather doubted it—I made enquiries, and found Mr. Mackenzie was in Toronto at the time.

That was at what time? The latter part of November, 1874.

Did Mr. Davidson show you any map that he had of the railway reserve there? He did; he came in and showed me a map. It was coloured the same as the plan exhibit "A."

Did he say where he got this map. He said he got it from Ottawa.

Was any person present when he showed you this map? Yes.

Who was it? Mr. Savigny, of Toronto, a surveyor.

THE MYSTERIOUS FAC SIMILE MAP.

After this conversation DAVIDSON and CLARK went to Mr. SAVIGNY'S office, which was in the same building, and on the same floor as CLARK'S. SAVIGNY also owned lots in the district. CLARK left DAVIDSON in SAVIGNY'S office, and here is SAVIGNY'S account of what then passed between him and DAVIDSON—*idem*, p. 63 :

You knew of John Clark selling his land to Davidson? Yes.

Did it excite any surprise in your mind that Oliver, Davidson & Co. should be giving \$90 a lot for what you paid only \$4 or \$5? I certainly thought it was a very large price.

Do you know how much they gave John Clark for his lots? Merely by hearsay; I do not think they paid the same prices for all. I think they ranged from \$60 to \$100. I do not know the prices exactly that were paid.

How did you know that Davidson had bought John Clark's lots? From Davidson and Clark, both.

Did you make any remark or enquiry of Davidson about those lands having this high value? Of course; I certainly did, I was aware at the time that a good deal of talk had been going about the terminus of the railway. I never dreamed for a moment that the terminus would be located at the town plot at Fort William. I was always

under the impression that it would be at Prince Arthur's Landing; therefore, I considered it was very absurd that he should give such a high price without knowing where the terminus should be.

When did this conversation with Mr. Davidson occur? At the close of the sale in the end of November or the beginning of December, 1874.

Did he make any reply to you? Yes; he said he was not such a fool as to buy land without knowing the value of it, and what he was going to do with it.

Did he give you any explanation of it? He said it was going to be the terminus of the railway.

Did he say he thought it was going to be the terminus, or he knew it was going to be the terminus? He said he knew it from the very best authority.

Did he tell you what that authority was? He showed me a map—a tracing.

Of what? A tracing of a map of the town plot, showing the amount of land required by the Government for the terminus of the railway.

Was it the plan of the whole town plot of Fort William? No; a part of the town plot.

Was the plan exhibited to you a rough sketch that anyone might make, or was it a regular plan made by a professional draughtsman? To my mind, it was a tracing from a finished surveyor's plan, such as I was in the habit of getting from the Crown Lands Department—a regular tracing from the plan.

And you say the lots required for the railway terminus were marked on that plan? The block of land required for the railway terminus was marked on the plan, and coloured a "lake" or pink colour.

Did you ask Mr. Davidson where he got the plan? Yes; of course I did. I thought it very curious that he should have it.

How did he explain that he came in possession of it? He said he got it from the very best authority; that it was perfectly authentic.

Did he show it to you as being a thing that everybody could see, or was it

confidential? No; he said it was confidential.

At page 69 SAVIGNY tells how he made a tracing of DAVIDSON's tracing on a map in his office. He is asked about this:—

When did you do that; on the same day?—Yes.

With Mr. Davidson's permission?—I do not know that I asked his permission; but he did not object to it. I had a plan of the town plot, and I merely marked the outlines with a pencil on it.

Was the drawing of the reserve that you made on your plan, taken from Mr. Davidson's plan, or was it merely from your recollection of Mr. Davidson's plan?—Mine was a copy of the plan in the Department—not properly a map—a plan which I referred to whenever I had any business in that locality, and I copied the reservation from Mr. Davidson's plan into my own.

Did you do it directly from Mr. Davidson's plan, or did you do it from your recollection of it?—From the plan.

At page 72 the Committee press him still further on this point, and elicit the significant fact that DAVIDSON's tracing corresponded exactly with the reserve afterwards announced by Mr. MACKENZIE:

You had a map, showing the town plot, hanging upon the wall of your office? Yes.

And upon that map you marked, in pencil, the reserve from the plan shown to you by Mr. Davidson? Precisely.

Did Mr. Clark tell you that he had learned that information from Mr. Davidson, or did you communicate it to him first? He told me first that Mr. Davidson had shown the plan to him in confidence. I was rather surprised when he told me that Mr. Davidson had a plan of it in his pocket. Said I, "Did he show it to you?" he said "Yes;" I said, "He has shown it to me also."

Was Mr. Clark present during the conversation with Mr. Davidson about this matter? He might have been present sometimes. Mr. Davidson used to come daily into our office. There was a good deal of excitement at the time about the

terminus, and they used to come daily into our office to talk it over.

Were you present when Mr. Davidson showed the plan to Mr. Clark? No; I was not.

How did he satisfy you that the land marked on the plan as being reserved, was really authentic? He told me that he had it from the very best authority.

Have you had it verified since; that the land he had marked on his map was actually the reserve that was afterwards taken? Yes. They corresponded exactly.

WHO WAS "THE VERY BEST AUTHORITY?"

Now it is a singular fact, and one strongly confirmative of the theory that OLIVER & Co. received advance information as to the intended reserve, either from Mr. MACKENZIE himself, as DAVIDSON told CLARK, or from "the very best authority," as he told SAVIGNY, that while DAVIDSON was thus walking about Fort William buying up the Town Plot with this mysterious map in his pocket, Mr. MURDOCH's report condemning the Town Plot and recommending the McKellar farm as the site, was then lying in the Department at Ottawa, nor was it until the 23rd January, 1875, that this report was set aside and the selection of the Town Plot officially made public. In his evidence before the Senate Committee in 1877 Mr. SANDFORD FLEMING swore the Town Plot was not officially chosen until then; and he said the Government, i.e., Mr. MACKENZIE himself, selected it:

Was the terminus of the Pacific railway located at Kaministiquia by your advice? A. It was fixed in a consultation with me (on the 23rd January, 1875) and I made no objection to it.

Who selected the terminus point? Who located it? A. The Government selected it.

But who located that particular point? A. The Government selected the terminus of the Pacific railway on Lake Superior.

Who selected the particular piece of ground? A. I did; I recommended that particular piece shown on the plan before

the Committee, coloured red, as land required for the Pacific railway.

The Town Plot was surveyed and laid down on the map, the Government *fixed upon the Town Plot as the terminus*, and Mr. Fleming recommended a certain portion of the town should be taken for the terminus? A. *Quite so.*

Could any land have been obtained further down which would have suited the purpose of the railway as well as Fort William? A. I do not doubt it at all.

From whom, then, did DAVIDSON in November, 1874, get his information and the fac-simile of the Government's map of the terminus reserve which the Government, in the person of the Minister of Public Works, selected in 1875. Not from MURDOCH, who had reported against the Town Plot and in favour of the McKELLAR farm. Not from Mr. FLEMING, who knew nothing of the Kaministiquia, and who did not recommend nor select it. From whom then? It must indeed have been "from the very best authority."

A BLUNDER OR A CRIME?

The selection of the Town Plot was a blunder, even supposing it was not a crime perpetrated in the interest of the ravenous speculators. MURDOCH, as has been said, recommended the McKELLAR farm, which even as late as 1875 was offered at \$75 an acre. MURDOCH's report to the Government was dated the 8th September, 1874, about two months before DAVIDSON began to buy up the Town Plot. His reasons for preferring this site will be found at length in his evidence before the Senate Committee, pp. 49-56, and are thus summed up, with the other evidence on the subject, by the Committee, p. 34:

"If, notwithstanding this, the Government decided that the Kaministiquia afforded the best site for the terminus of the Canadian Pacific railway, your Committee submit that the best point on the bank of the river has not been selected, whether either the cost or the convenience of the terminal grounds be considered. The

height of the banks was considered by the engineer in charge of the surveys, Mr. MURDOCH, a serious objection to the present site; and he, in his report to the Government, suggested that a place further down the river towards its mouth should be selected for the terminus, to obtain lower levels and longer navigation in the fall of the year. No notice, however, appears to have been taken of his recommendation. Your Committee is of opinion that had the suggestion of the local engineer been acted upon, a better terminus would have been obtained below the town plot, and at a much smaller cost. The line of railway could have been made to terminate on the river bank at the McKellar farm without increasing its length or passing through the town plot, while the river navigation would have been shortened; and the locality named possesses all the requisites for an important railway terminus. The obtaining of the necessary land would also have been greatly facilitated, as only one or two lot-owners would have had to be dealt with, whereas, at the town plot there were fifty-five, the arranging with whom occupied two valuers and a solicitor for months at a large expense to the country. The evidence did not disclose any reason which, in the opinion of your Committee, can be accepted as satisfactory, for deflecting the railway in order to make it enter the town plot of Fort William at the western limit, and then to pass through all the front lots to the eastern limit. From the McKellar farm towards the mouth of the river, the bank is of a convenient height for docks, and the land is favourable for terminal grounds; the river flows in a straight course to the lake, making the navigation safe and easy, whereas between the point named and that adopted for the terminus, there is a sharp elbow in the river which necessarily increases the awkwardness of navigating it. The distance from Murillo station—the first station west of Fort William—is as nearly as possible the same to the river at the McKellar farm, as to the terminus at the town plot. For these reasons, your Committee is of opinion, that the terminus was not judiciously chosen."

THE SPECULATORS' HARVEST.

Having thus secured the terminus at the Town Plot adjoining their Neebing township lots, having thus been enabled to buy up many of the lots there through information and even the possession of confidential maps obtained from "the very best authority;" having thus sowed, OLIVER and his fellow conspirators began to reap. In acquiring land for railway purposes, arbitration is always resorted to. The owner is tendered a fair and reasonable price, and if he objects the matter is submitted to arbitrators. But in this case the Reform Government ignored that wholesome system, and employed two valuers, Mr. WILSON, surveyor, of Mount Forest, and Mr. ROBERT REID, stationer, of London, with Mr. P. J. BROWN, of OLIVER, DAVIDSON & Co., as their legal adviser! Of what followed the Senate Committee report says:

"In 1876 when the valuers visited the town plot for the first time officially, the firm of Messrs. Oliver, Davidson & Co. and their connections were the principal owners of the lots which were taken for the railway terminus. Notwithstanding this fact, the Government appointed a member of that firm, Mr. P. J. Brown, a lawyer, to act with the valuers. His duty, it has been stated, was to advise upon titles, but his instructions did not restrict him to that special duty. The evidence of the valuers shows that he did advise them, and that his advice when given was, perhaps, not unnaturally, in favour of the lot owners, and against the Government. He gave it as his opinion that the Railway Act of 1868 did not apply to the Canadian Pacific railway. So far did he go in advising adversely to the Government, that the Prime Minister testified before your Committee that, when his attention was called to the subject, he 'was very much surprised,' and that he 'wrote a somewhat angry letter to Mr. Brown.' It has been clearly proved that Mr. Brown was an interested party, and your Committee submit that he, therefore, ought not to have been employed in

any capacity in association with the valuers."

The Act of 1868, above referred to, provides with reference to arbitrations for land required for railway purposes, as follows:

"The arbitrators, in deciding on such value or compensation, are authorized and required to take into consideration the increased value that would be given to any lands or grounds through or over which the railway will pass, by reason of the passage of the railway through or over the same, or by reason of the construction of the railway, and to set off the increased value that will attach to the said lands or grounds against the inconvenience, loss or damage that might be suffered or sustained by reason of the company taking possession of or using the said lands or grounds as aforesaid."

The Senate report then goes on to say:

"In the opinion of your Committee the prices paid for land taken for the railway in the town plot of Fort William and in the adjoining lot, No. 6 of the township of Neebing, were exceedingly and unaccountably extravagant. The town plot was a town only on paper when it was selected for the railway terminus. Previous to that, the regular price at which the Ontario Government sold half-acre lots was four dollars, and, but for the railway, these lots would be of but little more value to-day than they were then. For the land taken from Oliver, Davidson & Co., and others, the Government paid at the rate of \$500 to \$600 per acre. In 1872 or 1873, Oliver, Davidson & Co. purchased lot six in the township of Neebing, adjoining the town plot, containing 136 acres, for about five dollars per acre. Your Committee submit that the enhanced value of this property was due to the placing of the terminus where it is. Yet for eight acres of it the Government, advised by the valuers, paid about five hundred dollars per acre, being about four thousand dollars for eight acres, or over three thousand more for the eight acres than Oliver, Davidson & Co. paid for the entire lot of one hundred and thirty-six acres."

THE NEEBING HOTEL.

BUT OLIVER, DAVIDSON, & Co. were not content with securing \$50,000 of public money for their 110 acres of waste and intrinsically worthless land; they wanted more. In the fall of 1872 they had erected a saw-mill on what is known as Island No. 1 in the Kaministiquia, and in 1875 found themselves the possessors of a vast quantity of slabs, culls, and poor lumber for which there was no ready market in that region. Accordingly early in 1875 they conceived the scheme of throwing these slabs and culls into the similitude of an hotel, erecting the structure on land which they knew the Government would require for railway purposes, and selling hotel and land at a big profit. To give tone to this minor conspiracy, a company was formed to build the hotel, under the style and title of the Neebing Hotel Co., but in reality the firm of OLIVER, DAVIDSON, & Co., was the company. Mr. DAVIDSON engaged J. D. HENDERSON, a builder in a small way in Toronto, to go up and build the hotel; and on his arrival at Fort William, HENDERSON learned to his astonishment that he was Vice-President of the Company, and held \$2,000 of stock in the concern. He wouldn't have believed this had it not been recorded in OLIVER, DAVIDSON & Co.'s prospectus, for he had not subscribed nor promised to subscribe a cent, nor had he been asked to become Vice-President. HENDERSON found OLIVER in charge at Fort William, and on asking him for the plans and specifications, OLIVER said he had none, but taking up a board or shingle sketched a rough outline, and told HENDERSON to improve on that and make any alterations he liked, but to "make it large enough." (Senate Committee report, 1878, page 109.) HENDERSON went to work and put up the structure, which OLIVER, DAVIDSON & Co. sold to the Government in 1876. He kept an ac-

count of some of the material used, and on comparing it with OLIVER, DAVIDSON & Co.'s bill to the Government, found a striking discrepancy. From his evidence, pp. 109-112, we compile the following table, showing the extent and variety of this discrepancy:

BOGUS ITEMS.

	Used in Structure.	Charged to Government.
Doors.....	10	44
Cost of each door..	\$1.50	\$2.75
Pairs of sashes.....	12	43
Cost of sashes....	60c.	\$1.50
Tins of paint.....	Nil	16
Glass—panes.....	48	223
Glass—boxes.....	Nil	23
Lumber—feet.....	45,000 or 50,000	65,752
Estimate of cost..	\$3,000	\$5,029

In estimating the actual cost of the structure at \$3,000, HENDERSON (p. 113) said this "would be a big price for it." The valuator accepted OLIVER DAVIDSON & Co.'s bills without examining them, and when before the Committee, Mr. WILSON admitted the following discrepancies, Senate Report, 1878, p. 1-8:

	Used in Structure.	Charged to Government.
Lime—barrels....	2 rooms, 18ft. x 16ft. plastered	10
Boiled oil—gals....	Nil	25
Turpentine—gals..	Nil	10
Glass.....	4 windows	\$92.52
Shingles.....	80ft. x 24ft. shingled	46,000
Flooring—feet....	1,920	15,872
Sash fasteners....	Nil	4 doz.
Tin.....	Nil	66 feet.
Locks.....	10	81
Knobs.....	10	81

Mr. WILSON also discovered while being examined by the Committee that the lots on which the structure was built had been charged to the Government twice over. There were two lots for which the Government paid \$250 each on buying the reserve, and on selling this alleged hotel, Mr. P. J. BROWN, the Dominion agent and law adviser to the valuator, charged his principal, the Government, \$500 for their own land!

How the valuator acted in this matter is clearly shown by their own evidence. Mr. WILSON's evidence p. 9:

Did it occur to you that it would be

advisable to have got an affidavit from Mr. Oliver, or from Mr. Flannagan, his book-keeper, as to the quantity of material that was furnished for that building? Mr. Oliver assured me that that was the very least that they would accept for the building.

Did you not think it would have been important to have had that verified? I think so.

These accounts include a large quantity of material that was not, and could not have been used in the building—did you, as valuator, take any steps to see that these articles not used should be secured to the Government, or what would become of them? We took no steps to secure it, not knowing that the Government would accept the building at those prices.

ESTIMATES OF COST.

Mr. REID, the other valuator, tells a similar story. He gave a verbal description of the hotel, with some of the measurements, &c., to Mr. DURAND, an experienced builder in London, who estimated its cost at \$2,500. Mr. FRANCIS LAW, manager of the Law Building and Manufacturing Company, of Meaford, who examined the structure, hurriedly it is fair to say, estimated its cost at \$3,044, p. 149 :

Material.....	\$1,860
Labour.....	900
Contingencies.....	284
	\$3,044

Mr. THOS. D. TAYLOR, civil engineer, who examined the building and took careful measurements of it, made an estimate as follows, p. 134 :

7,200 feet of flooring at \$18 per M.....	\$129 60
42,427 feet of "all kinds" at \$10.....	424 27
28 squares shingles at \$3.....	84 00
280 squares plastering at 15c., one coat.....	42 00
14 doors at \$3.....	42 00
13 windows with glass at \$2.75..	33 75
16 windows without glass at \$1.50.....	24 00
	\$781 62
For labour.....	600 00
Total.....	\$1,381 62

But this estimate does not include hardware, nails, hinges, locks, etc. Including these, Mr. TAYLOR's estimate would not exceed \$1,500.

AN ILLEGAL CLAIM.

But the gross overcharging of which OLIVER, DAVIDSON & Co., or rather Mr. BROWN, the Dominion agent, was guilty, is not by any means the ugliest feature in this transaction. Clearly if OLIVER, DAVIDSON & Co. erected this structure on lots which they knew to be in the Government reserve, they were guilty of an attempt to extort money under false pretences, and their claim was vitiated and bogus. For if they knew the land would be required for railway purposes, they knew also it could not be used for hotel purposes. The evidence that they were well aware that they were building on land in the Government reserve is very strong. HENDERSON's examination, p. 113 :

Had you any reason to believe or had you heard before the building was commenced, that the land would be required by the Government for railway purposes? After I was started. I was working on the cellar about the time when Mr. Middleton, the engineer up there, came along and told me it seemed to be foolish to be building a hotel there when the land was reserved for railway purposes.

Was he one of the railway engineers? Yes; he was stationary engineer at the town plot?

Was he next to Mr. Hazlewood? Yes.

Did you report that to Mr. Oliver? I reported that to Mr. Oliver.

Did Mr. Oliver seem to be aware of that before? He did not seem to be aware of it before?

Was he surprised; what did he say? He said if it was a Government reserve the Government would have to pay a fancy price for the building.

Did he tell you to go on with it? Yes; he told me to go on with it.

And again at p. 115 :

From the time that you got notice from the engineer that the lots would be re-

quired by the Government, did you feel that you were really going on with that hotel for the Neebing Hotel Company, or simply for the purpose of making up a bill against the Government? As soon as I commenced to build I was bothered with people coming along telling me that the building would never be a hotel, and I lost all interest in the affair after that. Several parties told me that the ground was reserved for railway purposes at that time.

Was this before you had made much progress with the building? Yes; first when I had started excavating the cellar. Moreover, while this hotel was not conceived until June, 1875, it is on record that Mr. DAVIDSON as early as November, 1874, knew exactly what land the Government would require, and even had a *facsimile* of the Government plan in his possession.

Even the valuers clearly saw the impropriety of paying OLIVER, DAVIDSON & Co.'s claim under such circumstances, and they made a special report to the Government on the subject, as follows:

In the claim of the Neebing Hotel Company, we are not prepared to recognize the erection of this hotel, commenced in July, 1875, about six months after the reservation of the property had been made. They threw the responsibility on the Government, warning the Public Works Department that OLIVER, DAVIDSON & Co. had no legal claim, and urging the Minister to demand OLIVER & Co.'s affidavit as to the value of the hotel (Mr. REID's evidence, p. 47). But the Government, without securing the affidavit, and ignoring the opinion of the valuers as to the illegality of the claim, paid OLIVER, DAVIDSON & Co.'s bills at sight, \$5,029.

THE BILL IN FULL.

The bill paid by the country for the lots and the hotel will be found in the Public Accounts for 1877, part 2, p. 234:

Bank of Montreal—Payments to sundry persons for land purchased at Fort William.....	\$50,390 31
R. Reid, services and expenses, land purchases.....	1,599 50

Hugh Wilson, services and expenses, land purchases.....	4,337 32
P. J. Brown, services and expenses, land purchases.....	1,824 38
Sundry persons, advertising....	1,557 75
	\$68,708 26

SUMMARY OF THE FACTS.

From what has gone before, these facts are patent:

(1.) That in November, 1874, OLIVER, DAVIDSON & Co. were aware that Mr. MACKENZIE intended to select the Town Plot the site for the terminus, although his selection was not made officially until January, 1875; and that with this information in their possession they bought up lots adjoining their own property which they afterward sold to the Government at an enormous profit.

(2.) That Mr. DAVIDSON declared that he obtained this advance information from Mr. MACKENZIE; and at the same time exhibited a tracing showing the intended Government reserve, which proved to be an exact facsimile of the map or plan subsequently issued by the Public Works Department.

(3.) That in selecting the site, Mr. MACKENZIE ignored the report of his engineer recommending the MCKELLAR farm property, and chose OLIVER, DAVIDSON & Co.'s property in the face of his engineer's grave objections to it.

(4.) That while the MCKELLAR farm was offered at \$75 an acre, OLIVER, DAVIDSON & Co. were permitted to charge \$500 an acre for lands intrinsically, and but for the railway, worthless.

(5.) That Mr. MACKENZIE ignored the arbitration system in acquiring these lands, and appointed two valuers and a solicitor and adviser in the person of Mr. P. J. BROWN, of the firm of OLIVER, DAVIDSON & Co., the vendors.

(6.) That by the advice and at the instigation of this interested agent, the Act of 1868 providing that the fictitious values lent to property by the proposed construction of a public work through or

near it, shall not be recognized as intrinsic values, was wholly ignored by the valuator, and the fictitious values recognized and accepted.

(7.) That OLIVER, DAVIDSON & Co. were allowed for an alleged hotel which they erected on land well knowing that the same was required for railway purposes; that the Public Works Department set aside the report of the valuator that this claim was illegal, and paid OLIVER, DAVIDSON & Co.'s bills, which were largely bogus, without requiring, as recommended by the valuator, an affidavit of verification, and without comparing or checking them in any way.

(8.) That by these corrupt, illegal, and fraudulent proceedings the country was compelled to pay nearly \$70,000 for the terminus site; whereas the McKELLAR farm site, superior from an engineering point of view, could have been secured for little more than one-tenth of that sum.

THE DEFENCE.

The defence set up in behalf of the Government by Senators SCOTT, SIMPSON, and HAYTHORNE, the minority on the Senate Committee, is as follows, Senate Proceedings, 1878, p. 461:

1st. That the selection of the Kaministiquia River as the western harbour of the Canada Pacific Railway on Lake Superior was most judicious; inasmuch as the said river affords ample space for wharfage, where vessels may lie in deep water, protected from all winds, and discharge or load alongside the rails.

2nd. That access to said river in its present state is neither difficult nor dangerous for ordinary lake steam vessels, drawing ten feet, or even more, and that it may be rendered both easy and safe for vessels drawing 13 feet, by the expenditure of a comparatively small sum in dredging.

3rd. That the dredging operations already effected on the bar have proved successful, and demonstrate beyond doubt the practicability of obtaining 13 feet of water there, with a channel 66 feet wide, by the expen-

diture of \$18,060, and that any additional width of channel which may be deemed necessary may be obtained by a proportionate outlay. On this and other points connected therewith, your Committee may be allowed to refer to the valuable evidence of Colonel Kingsford, who was specially employed to report on the capabilities respectively of the Kaministiquia and Prince Arthur's Landing.

4th. That, in view of the prospective increase in the size and draft of vessels navigating the lakes, the Kaministiquia may, without difficulty, be adapted to such increase, its bed being composed of alluvial deposits easily removed by dredging.

5th. That several master mariners and engineers of large experience have given in evidence their opinions, and agree as to the unrivalled capabilities of the Kaministiquia, and its special adaptation for the purposes contemplated.

Captain James B. Symes gave his experience as to the periods when he had entered or left the river and harbour of Thunder Bay, and confirmed it by extracts from his ships' log books extending over nine years, from 1869 to 1877 inclusive.

6th. That an ample area for station grounds, conveniently situated on the river's bank, has been secured on favourable terms, and that in the opinion of your Committee the valuator appointed by Government performed the difficult duty of treating with the owners of a number of town plots for the purchase thereof, with discretion, firmness and integrity.

7th. That the rival port at Prince Arthur's Landing, though it undoubtedly possesses many advantages for ordinary traffic, is not so well adapted for a harbour and terminus as the River Kaministiquia and grounds adjacent; and in this opinion your Committee consider they are fully sustained by the valuable and independent testimony of Colonel Kingsford.

This is also the line of defence adopted by the Ministerial press and by Ministerial stump speakers. It is merely, as will be seen, a defence of the Government's course in preferring the Kaministiquia to the Landing. No defence of

that is necessary, because no corrupt or illegal act or motive is charged in that connection. The charges begin where this defence leaves off, viz., at the selection by the Premier of the particular site on the Kaministiquia and the acts of his Department and its dealings with OLIVER, DAVIDSON & Co. then and thereafter.

To break the force of the contention that Mr. MACKENZIE ought not to have appointed Mr. BROWN, of OLIVER, DAVIDSON & Co., the adviser of the valuers, it is contended that the Premier was unaware of Mr. BROWN's connection with the firm. To that the answer is that he ought to have known it. Everybody else knew it; it was notorious. Indeed, in February, 1875, only four months before he appointed Mr. BROWN, the Premier on behalf of his Sovereign Lady signed articles of agreement for the construction of the Canadian Pacific Telegraph line from Lake Superior to Red River between "ADAM OLIVER, of the Town of Ingersoll, County of Oxford, Province of Ontario, lumber merchant; JOSEPH DAVIDSON, of the City of Toronto, County of York, Province of Ontario, lumberer; and PETER JOHNSON BROWN, of the said Town of Ingersoll, Esq., carrying on together the business of contractors, as partners under the name, style and firm of 'OLIVER, DAVIDSON & COMPANY,' of the first part, and her Majesty Queen VICTORIA, represented herein by the Minister of Public Works of the Dominion of Canada, of the second part," etc.

It is also maintained in defence of the Government that the whole case is a frivolous one, that the overcharges were small, the fraud insignificant, the illegality slight, and the loss to the country paltry. But this is not a satisfactory justification or defence. In the first place \$70,000 is not an insignificant sum at the times go to a country that has to borrow money to pay the interest on its

debts; and secondly, the Minister who permits his friends to fob \$70,000 or \$7,000 or \$7 of public money is, on principle, as unfit for his position as though he made over to himself the entire contents of the Treasury.

THE FORT FRANCES LOCK.

MR. HUGH SUTHERLAND, of Orillia, once ran on the Reform ticket in North Simcoe and was defeated, though it is said he spent a considerable amount in "putting down bribery and corruption with lots of money." Hence his claim on the Party.

At the time Mr. MACKENZIE was enamoured of the "magnificent water-stretches" scheme, he conceived the idea of building a lock at Fort Frances. His object no doubt was to make Rainy Lake, Rainy River and the Lake of the Woods a connected section of these water-stretches, his policy then being to run the Pacific railway along the line of the Dawson route, and attach it to a waterway at Sturgeon Falls. If that policy had been pursued, the lock at Fort Frances would have given an uninterrupted waterway from Sturgeon Falls to the North-West Angle of the Lake of the Woods, a distance of 177 miles. But instead of running the railway along the Dawson or Southern route, and utilizing the waterstretches, Mr. MACKENZIE changed his mind and chose a northern route which lies 100 miles north of Fort Frances. Nevertheless having once begun the work at Fort Frances, the Premier has persevered in it, though his own engineers have told him, not perhaps in so many words, that it is a costly and absurd blunder.

MR. MACKENZIE gave the work to Mr. SUTHERLAND without survey or estimate or Parliamentary authority, and ordered it to be done, not by contract, but by the day's work system, Mr. SUTHERLAND, as Government Superintendent, employing day labourers. This was contrary to all law and practice. If the lock was a

part of the Pacific Railway undertaking, it ought, by the Pacific Railway Act, to have been done by contract. If it was not a part of the Pacific Railway, then the Premier ought to have obtained Parliamentary authority for the expenditure upon it, and let it out to contract. It is part of the Pacific Railway, or it is an ordinary public work; in either case Parliamentary authority was ignored, and the contract system, enforced by the Pacific Railway Act and the Public Works Act, set aside.

The work was begun in June, 1875, and Mr. SUTHERLAND, in his evidence before the Senate Committee, 1878, p. 21, estimates its total cost at \$250,000. In November, 1875, when Mr. MACKENZIE had determined on taking the Pacific Railway by the northern route, he seems to have realized the uselessness of proceeding further with the lock, and (Senate Committee, SUTHERLAND's evidence, p. 27-28) telegraphed SUTHERLAND to close the work. The telegram read: "Close all canal works at Fort Frances; suspend all proceedings." At that time \$73,940 had been spent on the work. In April, 1876, however, the Public Works Department (Return to House of Commons, 1877, No. 88) instructed Mr. SUTHERLAND to resume the work. What induced Mr. MACKENZIE to change his mind, to order the resumption of a work which he had closed when by changing the route of the railway, he had rendered it useless, we do not know. It is possible that he felt that his reputation as a "practical" head of the Public Works Department would suffer if he abandoned a work in which \$74,000 had been sunk. The maintenance of his reputation, therefore, involves an additional loss of \$176,000.

EVIDENCE OF THE GOVERNMENT ENGINEERS.

That the work is useless, the evidence even of the Government engineers clearly proves. Here is an extract from the evidence of Mr. MARCUS SMITH, C.E.,

the second in command to Mr. SANDFORD FLEMING, page 1-2:

But have you understood that the Fort Frances lock was being constructed for the purpose of being used in connection with the railway? I understood so from the reports, and I have a map showing why the lock was commenced. It is a map of the Dawson route, from Mr. Dawson's plan. I now produce a tracing of it, which I found in the office. All that I know is from reading the reports. This plan shows the line of railway as originally intended, as well as the present located line. The dotted line shows the route originally intended, and it was in connection with that line that the Fort Frances lock was commenced. If that line had been carried out, this canal would have been of immense importance, but since the change of the line northward, it has lost its importance in connection with the Pacific railway. When I say "lost," I mean it has greatly diminished or lost its chief importance so far as the Pacific railway is concerned.

Will it be of any importance in connection with the Pacific railway? It may possibly, and will probably be made of some importance. I can better explain it on the general plan of the Canadian Pacific railway, published under the direction of Mr. Fleming.

Explain how the lock can be of any importance in connection with the railway. The plan now produced, is a plan that was printed two years ago—in 1876. It was made by Mr. Fleming, or under his instructions. It shows the course of the line from Lake Superior to the Pacific coast. The black portion shows the sections of the line under contract. There is a gap marked in red between English river and Keewatin (Rat Portage.) That gap is about one hundred and eighty-five miles in length between the two portions that are under contract. The difficulty in putting that under contract is its inaccessibility, as you can only get at it from each end. From Fort Frances you can reach an arm of Rainy Lake on the north side, which is navigable to a certain point that connects with a stream, and a chain of

small lakes, which form a good canoe route to the very centre of that portion of the line which is not yet put under contract. That route could be made available to a certain extent, when that section is put under contract, for the contractors to get in supplies. There are eight or nine portages in it, and it can simply be considered as a canoe route. It is the only means of access, as the country is very rough and rocky, and it would cost a great deal to build a common road through it. Provided this section were put under contract, supplies could be got in from Fort Frances by canoes over this route. The Manitou Lake route I think they call it.

Inasmuch as this is only a canoe route, what necessity is there for building a lock for steamboats at Fort Frances? The two are incompatible, certainly, as regards their capabilities for traffic. I presume, if the canal had not been commenced and considerably advanced before the line was changed, the lock would not have been built.

Is it not a fact that for the purpose of getting in provisions the lock at Fort Frances would only cause an additional portage? Yes.

Will it not take as long a time to pass a canoe through the lock as to make the portage? I think not; it is rather a rough portage, if not long. It takes more time to tranship goods than to get a vessel through a lock.

I ask you whether you consider it is economical and expedient to build this one large lock at Fort Frances simply to connect with a canoe route? I would not recommend a lock to be built simply for that purpose.

For the purpose of commerce will this lock be of any use whatever in connection with the Pacific Railway? Not in connection with the railway. In the meantime, during the construction of the railway, it may be of some use.

Allowing the Manitou route to be as good as you describe it, the Fort Frances portage unimproved would have added little or nothing to the difficulty of getting up there? It would not have been very

great. It is a very limited means of getting in supplies, simply by canoes.

And you are restricted to canoes there, are you not? Yes.

The evidence of other Government engineers corroborates this, the fact being established that the \$250,000 is being sunk in a lock 100 miles south of the Pacific railway line; and that the only use the work can be put to during the construction of the railway is that of affording lockage for canoes, the contents of which would otherwise have to be carried over the portage a distance of 2,015 yards.

THE DEFENCE.

No defence is offered in behalf of the Premier for this waste of a quarter of a million. It is sometimes said that the work was a mistake, and that mistakes will happen, &c.; but why did he persevere in his blunder, and add \$176,000 to its cost after he discovered his mistake, and stopped the work in November, 1875?

As an excuse for his not consulting Parliament before undertaking the work, it is maintained that the lock was part of the Pacific railway scheme, and not a special work, and the fact that the money spent on it was taken from the Pacific railway appropriation is quoted in proof. Granted. Then under those circumstances Mr. MACKENZIE violated the Pacific Railway Act of 1874 in having the work done by day labour under the direction of his officer, Mr. SUTHERLAND, instead of by contract. There is no escape, be it part of the Pacific railway scheme or a special work requiring Parliamentary authority.

THE FORT Pelly Works.

In 1875 the Government determined to erect barracks, etc., at Fort Pelly, their intention apparently being to make that spot the capital of the North-West Territories. They rushed into the expenditure without much consideration.

The following sums were spent on this work :

1875. Public Accounts, part 2 p.	
230	\$29,370
1876 Public Accounts, part 2, p.	
259	33,966
	\$63,280

Early in 1876 they determined to abandon the barracks at Fort Pelly and place barracks and capital at Battleford, where the following sums have been spent :

Barracks—	
1876. Public Accounts, part 2, p.	
259	\$ 3,000
Public Buildings—	
1877. Public Accounts, part 2, p.	
246	25,430
Mounted Police Buildings—	
1877. Public Accounts, part 2, p.	
246	29,982
	\$63,412

It is worthy of note that Mr. HUGH SUTHERLAND was also the Government Superintendent at these works ; indeed Mr. SUTHERLAND superintends everything outside the jurisdiction of Mr. THOMAS NIXON between the Fort Frances lock, meridian 94, and Battleford, meridian 112. The \$63,000 sunk at Fort Pelly is a dead loss, unless, which is not likely, somebody can be persuaded to take the empty buildings off Mr. SUTHERLAND's hands.

THE INGONISH HARBOUR JOB.

In May, 1873, the MACDONALD Government let the contract for dredging and building a breakwater in Ingonish harbour to Mr. T. W. MACKENZIE for the sum of \$78,280. The work was to be completed by the 31st December, 1874. The contractor was to make good any losses which might be incurred by storms or other causes up to its full and final completion. If any addition was made to the work, the contractor was to be paid for it ; if any diminution, the amount was to be deducted. The Minister of Public Works was to accept the work on the certificate of the Engineer

that it was fully completed. In April, 1874, a few months after the change of Government, the job was transferred to JOHN ROSS and JAMES MCKAY, ROSS being a brother of the then Minister of Militia. The work consisted of a breakwater 700 feet long, and the dredging of a channel 200 feet in width and 15 feet deep. The papers brought down to Parliament in answer to orders of the House of the 16th February and the 19th March, 1877, show that the new contractors—who assumed all the conditions accepted by the old contractor—did pretty much what they liked. They made no attempt to complete the contract by the time named, and got all sorts of modifications without a single dollar's reduction of the tender price, but rather a considerable increase of it. In the end of 1875 and the beginning of 1876 it was reported that storms had carried away portions of the work, and the local Engineer, Mr. PERLEY, was authorized to reduce the length of the breakwater to 600 feet, and put a triangular crib at the end of it at an additional cost of \$2,000. Mr. BAILLARGE, another engineer, reported that the dredging was much behind, and that the contractors should not be relieved in any respect of their liability to the Department in the matter of enlargement of the channel. The grand result was that instead of a 700 feet breakwater, a breakwater only 565 feet long was built, and the channel instead of being 200x15 feet was only 60 x 12 feet. Yet, not only was the full price for the old contract, viz., \$78,280, paid, but Mr. ROSS was allowed \$3,643 for extras, and \$1,975 was paid to the Government Clerk of Works, for services for which Mr. ROSS was responsible inasmuch as they were rendered subsequent to the date by which he had undertaken to have the work completed.

Why was such favouritism shown to Mr. ROSS? *Imprimis*, he was the brother of the Minister of Militia.

Secondly, he had a claim on the Party as the defeated candidate in Victoria, N. S. A vacancy having occurred in Victoria County in consequence of Mr. TREMAINE's appointment to the Bench, Mr. ROSS was wanted to run in the Government interest. Mr. VAIL manipulated the matter. On 1st September, 1876, Mr. Ross telegraphed to the Minister of Public Works that he desired to be relieved of his interest in the contract, which his partner would complete. "Accept," he says, "if you think it necessary to do so." These words are surely evidence enough of the extent to which this contractor had placed himself in the hands of the Government. He was their's to use as they pleased. On

the 28th September he was relieved, and immediately after he became a candidate and was beaten by Mr. CHAS. CAMPBELL. Meanwhile, it appears the Public Works Department allowed the requested withdrawal of Mr. Ross to hang fire. If he had been elected the world would never have known but that it had been accepted. Defeated, however, Mr. Ross notified the Government on the 16th October that he was prepared to go on with his contract. And he was allowed to go on with it; and, as has been already stated, not only drew the full \$78,208, but \$5,618 in addition.

And thus another Party claimant was appeased at the country's expense.

BROKEN PLEDGES AND VIOLATED PRINCIPLES.

In a speech delivered at St. Catharines in the fall of 1870, Mr. MACKENZIE, then leader of the Opposition, said: "He would never accept office upon any consideration if in doing so he had to abandon the least of the principles he now professed. The man who taught one thing in Opposition and another when he was in power, was a demagogue in whom the people could have no confidence whatever."

THE COALITION PRINCIPLE.

At the great Reform convention held in Toronto in the summer of 1867, the Party declared itself emphatically against Coalitions. At that time, it will be remembered, Confederation had just been accomplished on paper. A new era had dawned. The old Party differences which had harassed Upper and Lower Canada from 1841 to 1866 had been healed, and three Reformers, Messrs. HOWLAND, MACDOUGALL and FERGUSON-BLAIR—two of whom had entered the Coalition Cabinet of 1864 with Mr. GEORGE BROWN for the avowed purpose of bringing about the Union—had determined to see that great work through, and so they continued to act with Sir JOHN MACDONALD and the Conservative Party. Mr. BROWN, however, denounced them as traitors. He himself, influenced by personal pique, had deserted the Coalition even before the British North America Act had been committed to paper, and thereafter he

considered it his duty to persecute his colleagues who were faithful to their trust, and endeavour to destroy the Ministry to which they remained true.

THE PARTY DOCTRINE.

The promulgation of the anti-Coalition doctrine was aimed at them. It read as follows:

"That Coalitions of opposing political parties for ordinary administrative purposes inevitably result in the abandonment of principle by one or both parties to the compact, the lowering of public morality, lavish public expenditure, and widespread corruption: And while this Convention is thoroughly satisfied that the Reform party has acted in the best interests of the country by sustaining the Government until the Confederation measure was secured—it deems it an imperative duty to declare that the temporary alliance between the Reform and the Conservative parties should now cease, and that no Government will be satisfactory to the people of Upper Canada which is formed and maintained by a Coalition of public men holding opposite political principles."

It was in vain that Messrs. MACDOUGALL and HOWLAND, on the one hand, and Sir JOHN MACDONALD and Sir GEORGE CARTIER on the other, declared that the old party lines had been effaced by the establishment of the new *regime*, and that they were united in their policy of giving practical effect to the Union Act. In local affairs, Mr. SANDFIELD MACDONALD, Mr. RICHARDS, and Mr. E. B. WOOD, three old Reformers, were united

with Messrs. CAMERON and CARLING, two Conservatives, and the five agreed in a policy for developing the resources of the new Province. But Mr. BROWN and his followers maintained that because these men had differed in their political principles under the old system of government, there could be no real or *bond fide* agreement between them under the new. Mr. BLAKE put this strongly at the Reform banquet in Toronto on the 7th December, 1870 :

“On what ground did these men appeal to the country and conduct the Government of the Province? Oh! that they were good friends; that all party differences had been settled. What a mockery upon an intelligent people is that statement! Is it because one question, however momentous, is settled, that the principles which underlie the current of public opinion, and which are continually to be brought into action, die with the settled question? The question is settled, but the principles are eternal and survive.”

On the 3rd March, 1871, in a speech at Hamilton, Mr. MACKENZIE laid down with singular clearness his views on the general question :

“There are only two ways of carrying on a Government; one is by having a Government composed of men who are entirely in harmony on all leading subjects, or by a coalition of different parties who are determined to carry on the administration of affairs in any way they can manage, the only possible way being to bribe a certain number of constituencies. * * * To procure good Government, it is necessary that a Premier should strictly select his colleagues from the party whose principles he intends to carry out. To bring into the Cabinet the member of an opposing party is Coalition.”

MR. E. W. SCOTT.

Having thus—it is not necessary to quote their utterances at greater length—set their faces against Coalitions, and led the country to believe that they would form a pure Party Government, the Reform leaders were soon called on

to form a Government in the Province of Ontario. On the 21st December, 1871—nine months after Mr. MACKENZIE'S Hamilton speech, and a year after Mr. BLAKE delivered the speech from which a quotation has just been made—these two gentlemen succeeded Mr. SANDFIELD MACDONALD, and they took into their Cabinet Mr. R. W. SCOTT, a life-long Tory! He was a Tory up to the very last, and if Mr. BLAKE'S theory is correct, “principles are eternal and survive.” During the elections in 1867 the *Globe* (17th August, 1867) thus referred to Mr SCOTT :

“We hope that, under the new Constitution our General and Local Governments may be able to get along without the log-rolling and trafficking in votes which disgraced the country under the old system. We trust that the Scotts * * * are gone, and we hope in a few years to see a better generation of politicians grow up.”

On the 19th of the same month the *Globe* further said :

“Messrs. Richard Scott and H. J. Friel were nominated for the Local Legislature, and the contest between them will be close. Both are Roman Catholics; the former (R. W. Scott) is John A.'s nominee!”

From 1867 until 1871 Mr. SCOTT gave 221 votes in the Ontario Legislature and 208 of them were given against the Reform Party. In the session of December, 1871, when SANDFIELD MACDONALD fell, he was the Tory Speaker of the Assembly, and stepped from the chair into Mr. BLAKE'S Cabinet. Nay, after he took office he wrote to Sir JOHN MACDONALD, for was he not “JOHN A'S “nominee?” telling him of the step he had taken, and assuring him of his continued loyalty!

THE DOMINION COALITION.

On the 5th November, 1873, Sir JOHN MACDONALD resigned, and the Reform leaders were called in to form a new Government. Their violation in 1871 of the anti-Coalition principle had in a measure accustomed them to its abuse,

and they calmly chose half a dozen Tories for seats in their Cabinet, viz.:

Mr. SCOTT,
Mr. CARTWRIGHT,
Mr. COFFIN,
Mr. ROSS,
Mr. BURPEE,
Mr. A. J. SMITH.

Mr. SCOTT's record has been dealt with. Mr. CARTWRIGHT had opposed the Reform party all his life. During the campaign of 1872, only a year before he was made Finance Minister, he was blacklettered in the campaign articles of the *Globe* as having been guilty of the following enormities:

1. Mr. Cartwright voted to "reward foul murder" in the North-West.

2. Mr. Cartwright, on the 18th December, 1867, voted "for the adoption of a route for the Intercolonial railway, which he knew to be inimical to the interests of the Dominion."

3. Mr. Cartwright, on the 11th December, 1867, helped by his vote to "subvert the Parliamentary safeguards respecting the control of money."

4. Mr. Cartwright, on the 5th May, 1868 "frustrated economy," having helped to vote down Mr. Holton's motion for the reorganization of the Civil Service.

5. Mr. Cartwright, on the 19th May, 1868, voted down Mr. Blake's motion for the better securing of the Independence of Parliament.

6. Mr. Cartwright, on the 15th May, 1869, "delivered the Treasury into the hands of the most unprincipled of men," by helping to vote down Mr. Mackenzie's motion respecting the Fortification Grant, as follows:—

"That no sums shall be expended on such works until a separate estimate for each work to be constructed shall be submitted to Parliament, and that the amount to be expended in each year shall be voted from time to time."

7. Mr. Cartwright on the 16th of June 1867, voted for the "violation of the Constitution" in the matter of the Nova Scotia subsidy.

8. Mr. Cartwright, on the 17th June, 1869, voted for the "corruption of members of the House," having helped to vote down Mr. Holton's motion respecting the payment to Col. Gray for codifying the laws.

9. Mr. Cartwright, on the 19th June, 1869, voted for the "Chantry Island job."

10. Mr. Cartwright, on the 10th May, 1870, voted for the Manitoba Act, thereby becoming a party to "one of the most iniquitous and blundering of measures."

11. Mr. Cartwright, on the 28th February, 1871, voted against the abolition of Dual Representation.

12. Lastly, Mr. Cartwright on the 1st June, 1872, voted for the "abdication by Parliament of its constitutional right to control the public expenditure on the Pacific railway," having helped to vote down a motion by Mr. E. B. Wood respecting the money asked by the Government for the construction of the Pacific railway, as follows:—

"That the \$30,000,000 and 50,000,000 acres of land be only disposed of by specific annual votes of Parliament from time to time as shall seem to Parliament right and proper, so that Parliament shall not be divested of its most important constitutional function, viz., control over the public expenditure of the country."

Mr. COFFIN also voted from 1867 to 1873 against the Reform party and on behalf of "Tory principles." So did Mr. ROSS. In 1873 he even voted against Mr. HUNTINGTON's famous resolutions, and Mr. BURPEE did likewise. In the general election of 1872 Mr. SMITH thus opened his address to the electors of Westmoreland:

"Gentlemen, five years ago you sent me to the Parliament of our country with all my prepossessions in favour of the Reform party. Having carefully watched both sides, I have been giving my support to the Liberal-Conservative party, and I tell you as an honest man, that if you choose me as your representative again it must be on the understanding that I am still to support that party."

Here, then, were six gentlemen who almost up to the last moment had opposed those Reform principles which "are eternal and survive," and yet they were taken into a Cabinet of Reformers who denounced coalitions as immoral and corrupt. If it be said, "O, yes, but they agreed with their Reform colleagues," did not HOWLAND, MACDOUGALL, and FERGUSON-BLAIR, and SANDFIELD MACDONALD, E. B. WOOD, and STEPHEN RICHARDS agree with their Conservative colleagues? If the eternal principles survived in one case, they survived in the other; and if Reformers by joining Tories formed an immoral alliance, inversely the same is true of Tories joining Reformers.

A BLACK SHEEP.

In his speech of the 7th December, 1870, Mr. BLAKE taunted Mr. SANDFIELD MACDONALD with having joined a Party that had once upon a time during the pre-Confederation heartburnings denounced him as unworthy of public confidence, &c. :

"But he has formed an alliance with the men who denounced him as unworthy of public confidence and almost of private associations in days gone by.

"Has Mr. Macdonald forgotten the stories circulated about him by his present friends? The tales with reference to Mr. Poupore and Mr. DeBellefeuille? Does he not remember that they charged him with attempting to buy the support of Mr. Harwood by tendering an office in the militia to his relative Mr. DeBellefeuille? Does he forget the charge made by Sir John Macdonald that he got the support of Mr. Poupore by buying his property? I would like to know how Mr. Macdonald, the sinner of 1864, is the saint of to-day. None of these charges have been retracted, and are yet hanging over his head. So much with reference to the antecedents of the Administration. I ask now what you could expect from such a union, what progeny from such an unnatural alliance?"

In 1875 M. CAUCHON became a member of the Government, in which Mr.

BLAKE was Minister of Justice. In December, 1872, Mr. BLAKE's friends denounced M. CAUCHON as having been guilty, not of mere political offences, but of crimes and misdemeanours at common law. The *Globe* of the 6th December, 1872, said of him :

"It (the report of the Beauport Committee) tells its own story, and that is a very disgraceful one. A job is bad enough in any case, but a job at the expense of the poor unfortunates who have lost their reason, is especially detestable."

And on the 9th December, 1872 :—

"The Beauport job is rank and smells to Heaven.

"That Cauchon has been proved guilty of jobbery, and of defiantly breaking the law for years is, we should think, not doubted by any sane man."

And on the 26th December, 1872 :—

"M. Cauchon comes back, apparently, to brazen out the whole of his iniquities, and the Ministry (of Quebec) with that helpless want of self-respect which they have all along shown, are eager to override all ordinary forms and requirements for the privilege of again saluting their "honourable friend" as member for Montmorency. Some men, even in their degradation, have some respect for themselves, but M. Chauveau and his friends seem to have lost theirs, if they ever had it."

Mr. PENNY, a Senator and a leading Reformer of Quebec, wrote in his newspaper, the *Montreal Herald* of the 18th December, 1872 :

"Scandalous as this affair is in its barest outline, it is made infinitely worse by its attendant circumstances. It is worse because this villainous bargain was made with a man (M. Cauchon) holding no less honourable a position than the Presidency of the Senate; worse because the materials out of which the job was affected were those who suffer from the saddest infirmity to which human nature is liable, because what was bought and sold was the power of squeezing the highest possible profit out of economies, exercised at the cost of the most helpless of God's crea-

tures. It is quite safe to say that if this were a matter of life and death in the Criminal Court, the evidence of M. Cauchon—not to go a step too far, we do not include the Ministry in the scope of this sentence—would be sufficient to hang him."

And Senator HECTOR FARRÉ, another leading Liberal, wrote in his newspaper, *L'Evenement*, of the same date :

"M. Cauchon will be able, perhaps, to secure, as he announces, his re-election for Montmorenci, but he will never recover from the blow he has just received. The confession of culpability which has lately been extracted from him will be as a weight upon him for evermore. It is now impossible that he should ever be Lieut.-Governor or Local Prime Minister, for the too-lengthened series of his double dealings has come to a close. He goes forth this day from the Local Chamber despised and spat upon, only soon to withdraw from public life, crushed and disgraced. It is the commencement of capital punishment which honest people have been demanding for so long a time past."

"None of these terrible charges had been retracted, and they were yet hanging over M. CAUCHON'S head," when the Reform leaders asked him into their Cabinet. To use Mr. BLAKE'S words again—"I ask now what you could expect from such a union, what progeny from such an unnatural alliance?" If it was wrong for Mr. SANDFIELD MACDONALD to ally himself with a Party which had accused him of grave political crimes, inversely it could not have been right, leaving moral considerations aside, for the Party that had accused M. CAUCHON of a detestable robbery, and that had not withdrawn the accusation, to make him a member of its Cabinet.

ANOTHER BLACK SHEEP.

Here it may be well to say that M. CAUCHON was not the only foul bird in the nest. Mr. HUNTINGTON has been a member of the Cabinet since 1874 ; and

he sits at the Council table with the following indictment hanging over him, which was preferred in its plea of justification by the *Montreal Gazette* when he sued that journal for libel, because in effect it accused him of being a public robber. And when he read this plea of justification and received the *Gazette's* challenge to come to trial, he dropped his suit, and in effect admitted that he had no case ; but he still hangs on to his portfolio and poses among the purists :

I. That in the year 1872 Mr. Huntington associated himself with one Alexander McEwen, of London, England, for the purchase of certain mining properties in Quebec and Ontario. That the said Huntington was at the time owner of certain property adjoining the mine known as the Huntington Mine, and used in connection therewith. That he was also the largest shareholder in the Huntington Mine, and virtually controlled it. That he had for a long time managed the working of it, said working resulting in heavy loss, and involving large indebtedness at the time unpaid.

II.—That to facilitate the sales of these properties he projected a joint stock company, called the "Huntington Copper and Sulphur Company, Limited," and issued a prospectus in which it was stated that the capital of the Company was to be £200,000 stg., in 20,000 shares of £10 each, on which it was proposed to call up £8 per share. That previous to the issue of this prospectus the shareholders in the Huntington Mining Company "nominally, but in reality [Mr. Huntington] for himself as the main shareholder thereof," executed a contract between John George Long, a person in the employ of Alex. McEwan, and James Henderson, of the County of Lanark, Scotland, whereby the latter purported to acquire the Huntington Mine and adjoining property—such proceeding being a necessary preliminary to the formation of a joint stock company in Great Britain.

III.—That Mr. Huntington represented that the annual profit of the mine would be £72,000 stg., or 45 per cent. upon the capital proposed to be called up ; though,

as previously stated, the working of the mine had been a source of loss rather than profit. That Mr. Huntington's properties were purchased by the Copper and Sulphur Company for £125,000, and its shares disposed of mainly through the representations published under his name and public designation as a member of the House of Commons of Canada. That many of these representations were utterly untrue. An alleged magnificent water power for dressing mills referred to in the prospectus had no existence whatever. The shipment of ore to England, so far from being largely profitable, could not be carried on at a profit.

IV.—That the said Company was so got up and organized, and the said mine and property so sold, for the benefit chiefly of the said plaintiff, who himself ultimately received the greater part of the purchase money thereof.

V.—That, flushed with their success in this enterprise, Messrs. Huntington and McEwen projected and set on foot the "Canadian Copper Pyrites and Chemical Company, limited," with a capital of £600,000; the stated object being to acquire some seventeen mining properties mainly in the Province of Quebec. It was set forth in the prospectus of this Company that the properties in question were acquired under the depression which had for some years ruled in the copper trade, and before the then mining excitement had reached Canada. The following were the properties named, with their acreage and the alleged *bona fide* prices to be paid by Messrs. Huntington, McEwen, *et al.*, for them:—

No.	Name of Properties.	Extent. Acres.	Price. £
1	Clark Mine.....	150	25,000
2	Sherbrooke Mine.....	350	40,000
3	Belvidere Mine.....	234	
4	Ascot Properties.....	162	
5	Hartford Mine.....	200	225,000
6	Capel Mine.....	361	175,000
7	Morrill's Lands.....	1,500	7,800
8	Carbuncle Hill Mine.....	718	30,000
9	Brompton Gore Mine & do.....	700	15,000
10	Bolton Properties.....	400	100,000
11	Viger Mines.....	1,600	50,000
12	Shaw Mine.....	609	15,000
13	Garthlay Lands.....	2,837	60,000
14	St. Francis Mine.....	69	23,000
15	Acton Mine.....	100	35,000
16	Brome Mine.....	50	4,000
17	Lavant Mine.....	1,000	50,000
		10,912	\$339,800

On the strength of this statement a transfer

of the properties was made to McEwen and one John Ralston Cunningham for the sum of \$339,800; whereupon McEwen and Huntington received from the Copper Pyrites Co. £15,000 stg. in paid-up stock of the Company, and also the sum of £35,000 stg. by way of premium.

VI.—That to induce a number of well-known persons in England and Scotland to become directors in these Companies, large sums of money were given them by Huntington and McEwen; but that several of the directors returned the money when they learned the fraudulent character of the transactions to which they had been induced to lend their names.

VII.—That Huntington and McEwen bribed, in the first place, with £10,000 paid-up stock, and, in the next place, by a position to which was attached an annual salary of £3,000 stg., one James Taylor, to report upon the properties in question in such way as they might desire.

VIII.—That instead of \$25,000 having been paid for the Clark mine, only \$20,000 was paid, out of which "the said plaintiff received or retained, or was returned, the sum of \$5,000 or thereabouts." That the proprietors of the Hartford mine, instead of \$225,000, received only \$170,000, \$55,000 of which went ultimately into Mr. Huntington's pockets. And so thorough-out his whole list; the entire sum retained or received by Mr. Huntington in this way amounting to \$323,000.

IX.—That the total sum received by Huntington and McEwen out of these two transactions amounted to \$1,200,000 or thereabouts.

X.—That in less than two years from the time of the formation of the said two companies, the stockholders therein, by reason of the false representations of the said plaintiff, and the comparative worthlessness of the said mines and mining properties, sustained a loss of £240,000 stg. in the current and ordinary value of their shares thereof, equal to \$1,200,000. That since the said period the said depression has continued and greatly increased. And that the whole of the said mining properties, including the said Huntington mine, are un-

remunerative, are practically worthless, and now represent but a small fraction of the original nominal value paid for them by the *bona fide* stockholders thereof.

THE NUMBER OF CABINET MINISTERS.

For years after Confederation the Reform leaders declared that thirteen Ministers were too many. They advocated economy in those days, and led the people to believe that they could and would conduct the affairs of the Dominion with less than thirteen Cabinet officers. At London, on the 24th October, 1870, Mr. MACKENZIE said :

"While the finances of the Province were formerly administered by one Minister, we have now four. One, who is supreme, is Hincks; the other, Tilley, is Minister of Customs; Morris, is Minister of Inland Revenue, and another gentleman is Receiver-General. Now, what I contend for is, that there is no necessity for this amplification of the Cabinet. There is no necessity for a Cabinet of thirteen! The United States has a population of forty millions, a vast territory and vast concerns to manage—still they get along with seven Ministers, and one Secretary of the Treasury conducts all the financial affairs."

Mr. BLAKE was strongly opposed to Ministers holding office without portfolios. In the House of Commons, 27th of November, 1867, he said :

"It is necessary to prevent, by stringent enactments, the possibility on the part of the Crown of filling the House with more than the necessary number of executive officers. It is wrong to argue that because a member of the Executive does not receive a direct salary from the Crown, therefore he can be added to the Executive Council with impunity. If that argument were correct, any number of such officers might be created, and the whole House controlled by placemen who nominally are servants of the Crown!"

Yet when these two gentlemen succeeded Sir JOHN MACDONALD in 1873, their Cabinet was composed not of

thirteen but of fourteen Ministers, Mr. BLAKE himself being "added to the "Executive Council with impunity" and without a portfolio. It is contended—this is Mr. BLAKE's argument—that there are now seven Provinces where there were only five, and that the work of governing the country is heavier now than then. But in Mr. MACKENZIE's words, if seven Ministers can govern thirty-six States and four territories with a population to-day of 45,000,000 souls, why should it take thirteen Ministers to govern seven States and the North-West Territory with a population of 4,000,000 people? If the argument was sound then, it is sound now.

DOMINION AND PROVINCIAL RELATIONS.

In Opposition, the Reform leaders maintained that politically the Dominion and Local Governments ought to be perfectly neutral, neither helping nor hindering each other. In announcing the policy of the BLAKE-SCOTT Government of 1871, Mr. BLAKE said :

"The position of the Reform party in regard to the Federal Government is, that they argue against alliance as well as against hostility. Their position is this:—That the Local Governments should be perfectly independent of the central Government, and should neither be entangled by alliance nor embarrassed by hostility. The independence of each of the Provinces is necessary for the working of the Federal system."

And addressing the Legislature on the 23rd December, 1871, two days after the formation of his Cabinet, he said, as reported by the *Globe* :

"The first point upon which I desire to state the policy of this Administration is with reference to what may be called the extreme relations of the Province. My friends and myself have, for the past four years, complained that the late Administration was formed upon the principle and the understanding that it and the Government of the Dominion should work together—

play into one another's hands—that they should be allies. There exists, we think, a well-founded belief, at any rate a widespread belief, that that was the arrangement, and that it has been carried out. My friends and myself thought, and my Administration now thinks that such an arrangement is injurious to the well-being of Confederation, calculated to create difficulties which might be avoided, and that there should exist no other attitude on the part of the Provincial Government towards the Government of the Dominion than one of neutrality, that each Government should be absolutely independent in the management of its own affairs. We believe that the Government of the Province ought not to assume a position of either alliance or hostility towards the Government of the Dominion.”

Mr. MACKENZIE, a member of the Government, thus addressed the electors of West Middlesex :

“One strong point which he had urged against the late Government was that it was the creature of the Dominion Government. The new Government proposed that no matter what Government was in power at Ottawa, the Government of Ontario would be free from all outside influence and power.”

Previous to this, he brought the subject up in the Dominion House :

“It has been frequently asserted that there is a close connection between this (Sir John's) Government and the Government of the Local Legislatures. It is desirable that there should be no connection whatever between the Central and Local Governments, and I feel it to be my duty to bring this principle before the House.”

The “connection” complained of was the alleged alliance of the two Governments or rather of the two Premiers in their political ramblings through the country. The *Globe* was constantly complaining of this in this style :

“We are now in a position to declare that the two Macdonalds have arrived at an understanding in reference to the coming campaign. They are to hunt in couples

and mutually to seek each other's well-being and success.”

Having established themselves at Ottawa as well as Toronto, these gentlemen proceeded with singular equanimity to do that which they had thus condemned in “the MACDONALDS.” Here is a letter addressed by Hon. D. A. MACDONALD, while Postmaster-General in Mr. MACKENZIE'S Cabinet, to Mr. MOWAT, the Premier of Ontario, on the eve of the Local elections of January 1875 :

“OTTAWA, Ont., Nov. 21st, 1874.

“MY DEAR MOWAT,—If you can possibly manage it don't issue a writ for Glengarry to replace poor Craig. It would be very troublesome, indeed, for an election to take place now, and another in a few weeks. * * * I would like to hear from you as to the readjustment of the constituencies of Ontario, whether any changes are to be made in the Eastern section. I hope they will be left as they are. I am satisfied that you can depend upon the Eastern section supporting you to a man. We are all doing the very best we can do for you.

“Yours truly,
“D. A. MACDONALD.”

Mr. MOWAT did as requested, for Mr. A. J. GRANT, who replaced “poor CRAIG” as Local member for Glengarry, wrote as follows to Mr. MACDONALD :

“WILLIAMSTOWN, Dec. 8th, 1874.

“Hon. D. A. Macdonald.

“DEAR SIR,—* * * I am happy to state that the Government have decided not to interfere with Glengarry or Cornwall in their redistribution bill at present. Now, sir, I wish to state to you that the people of Charlotteburgh appreciate your assistance in getting organized, and in making a move towards making our objection to the change known to the Government, as I believe the measure would have been brought before the House before we would have known the intention of the Government, had you not interfered.

“Yours, with respect,
“A. J. GRANT.”

But why argue further? Have not the Dominion and Local Ministers "hunted in couples" every picnic season? Already Mr. HARDY, on behalf of the Ontario Government, has been out this season with Messrs. MACKENZIE, CARTWRIGHT, and LAURIER. If "hunting in couples" was wrong in "the MACDONALDS," how can it be defended in their successors?

PURITY IN ELECTIONS.

In his Lambton speech—*Globe*, 25th November, 1873 — Mr. MACKENZIE said :

"In the late debate you will have all noticed that Sir John Macdonald said that he was driven to this; that he was compelled to use money, because he said he heard from all quarters the Grits were using two dollars to their one, and that he would probably be beaten unless they got money somewhere. I commend to you the morality of the transaction. One man finds his neighbour has stolen money, and that for him to be as rich as his neighbour he must steal also. Has it come to pass that a member will justify wrong-doing, by saying others have committed wrong. * * * I declare to you the entire story is false from beginning to end, that we ever spent money in the elections (1872.) * * * Money was contributed to the central fund for the purpose of defraying miscellaneous legal expenses, and amounted to between three and four thousand dollars. This is the entire amount that has been spent by the Liberal party at the elections."

This was an echo of what he and his Reform colleagues had contended for years, viz., that the Tories were bribers and corruptionists, and the Reformers pure men, who spent nothing in corruption, fighting always with clean hands and honourable weapons. For instance, on the 13th August, 1872, the *Globe* had an article beginning as follows:—

"The Ministry have deliberately set about the business of buying themselves

into power. The great mass of the electors are perfectly sound. They would resent the offer of money for their votes as they would resent a blow. All true friends of Canada are bound to set their faces against such a state of things. He and his (Sir John) are bound to buy their way to power. Let Ontario convince them that there is still too much honesty left to make this possible."

BIG PUSH.

Yet while he was writing this, Mr. BROWN was organizing a bribery and corruption fund, for two days afterward he sent the following note to Senator SIMPSON :

"TORONTO, August 15th, 1872.

"Hon. JOHN SIMPSON,

"Pres'd't. Ontario Bank.

"MY DEAR SIR,—The fight goes bravely on. * * * We have expended our strength in aiding outlying counties and helping our city candidates. But a BIG PUSH has to be made on Saturday and Monday for the East and West divisions. * * * We therefore make our GRAND STAND on Saturday. There are but half a dozen people that can COME DOWN HANDSOMELY, and we have done all we possibly can do, and we have to ask a few outsiders to aid us. WILL YOU BE ONE? I have been urged to write you, and comply accordingly. Things look well all over the Province. * * * Things look bright in Quebec!

Faithfully yours,

"GEORGE BROWN."

Of this letter Mr. Justice WILSON said : "It is a letter written for corrupt purposes, to interfere with the freedom of elections. It is an invitation to the recipient as one, with some others and the writer, to concur in committing bribery and corruption at the polls." Mr. BROWN was an old hand at the business. Here is an extract from Dr. MCGILL's address to the electors of South Ontario in the Local election of 1871 :

"I again present myself as a candidate for your suffrages for the Legislative As-

sembly. In 1867 I linked my fortunes with those of the leader of the Reform party, the Hon. George Brown. I gave him my support believing him what he professed to be, the uncompromising enemy of corruption in every form! Unfortunately his conduct during that election utterly destroyed my confidence in his political integrity. Early in the canvass I refused to contribute a sum demanded by him to a fund which I had reason to believe was being used for corrupt purposes. This led to a rupture between us which has never been healed."

Dr. MCGILL is now a Reformer, the "rupture" having been "healed" by "mesmerism," so Senator SIMPSON swore in the QUEEN v. WILKINSON.

COOK.

Mr. H. H. COOK, M. P. for North Simcoe, a very earnest Liberal and sound Reformer, testified as follows at his election trial in 1874 :

"In the spring of 1871 I canvassed the constituency for one month or six weeks ; in 1872 I canvassed the constituency for a similar length of time. Speaking from memory, the expenses of my canvass in 1871 would reach about \$10,000; it might amount to \$13,000, for I do not charge my mind with \$2,000 or \$3,000 in election matters. I have been examining my accounts for election expenses in 1872, and making a rough estimate I place them at \$13,000 to \$15,000 ; they certainly did not exceed the latter sum. That amount I paid myself ; I do not know anything about sums paid by my friends. In 1874 the expenditures were much smaller, because I thought I would have the sympathy of the people in consequence of my expenditures in 1872, and that my opponent would have to carry the Pacific Scandal on his back."

Yet this gentleman, who thus frankly admits having spent at least \$25,000 in two contests, is not disowned by the Party of Purity, but again chosen their candidate in North Simcoe.

WALKER.

Major WALKER, the Reform candi-

date in London in 1874, also fell a victim to the law. Mr. Justice GWYNNE, in giving judgment, said :

"We can as readily believe it is possible for the respondent to have been immersed in the lake and to have been taken out dry as that the acts of bribery which the evidence discloses to have been committed on his behalf, almost under his eyes, in his daily path, with means of corruption proceeding from his own headquarters, and from the hands of his confidential agent, could have been committed otherwise than with his knowledge and consent."

It is my opinion that the pre-arrangements or undertaking, tacit or express, between the parties was that the respondent should be kept in ignorance of the particular separate and distinct acts of bribery committed, while he was aware, as he could not but be, upon rational principles, that corruption and wickedness upon a most extensive scale were practised around him on his behalf and in his sole interest."

So far as could be ascertained at the trial, this gentleman spent \$25,000 in bribery ; yet he has not only not been disowned by the Party of Purity but he is their candidate in the contest now pending.

The Reform leaders have a deal if humble follower in JOHN MADIVER, one of Major WALKER's supporters, who in the 1874 election invited a friend to come to London and vote the Reform ticket in this strain : "Come on JOHN, be sure and come. So come along, JOHN, and put down bribery and corruption ; we've lots of money."

REWARDING CORRUPTION.

Dr. HAGARTY, another of Major WALKER's supporters, was reported by the Judges for corrupt practices. He admitted that he spent \$500 or \$600 in bribery and treating, yet he was not drummed out of the Party but appointed medical superintendent of the North-West, with a salary of \$2,200 a year. Mr. FRASER, the treasurer of Mr. KERR's bribery fund in

Northumberland in 1874, admitted that he had used money for corrupt purposes, and he was not punished by his Reform friends, but appointed assistant deputy Receiver-General in the Toronto office with a salary of \$3,000 a year.

CAMERON AND OTHERS.

In South Huron in 1874, Mr. M. C. CAMERON admitted to the Court that he spent from \$10,000 to \$14,000 in bribery by agents. The Superior Court to which the case was carried said :

"There are strong grounds for thinking that the respondent, Malcolm Colin Cameron, was guilty of personal bribery. Had the judge who tried the case found the respondent guilty of personal bribery, we would have sustained the judgment. As it is, we will sustain his ruling."

Mr. NORRIS was unseated for bribery, and it was ascertained at the trial that he entered his corrupt expenditure in his ledgers as "missionary expenses." In his dying hours poor old MALCOLM CAMERON, elected for South Ontario in 1874, addressed a circular to his Party begging them to recoup him for the money he had spent in buying up the *Ottawa Times* in the Party's interest ; for \$6,000 he had spent in contesting Russell, the said \$6,000 "having had a "good effect in subsequently securing "that constituency to the Reformers ;" and for "the time and money" spent in carrying South Ontario. Hon. W. Ross, Mr. MACKENZIE's first Minister of Militia, went down to Victoria, N.S., for re-election in December, 1873, and while denouncing the Conservatives for their corruption, established a bribery fund of his own or as he put it "I placed with my Committee a certain amount of money to "relieve honest, worthy men."

THE ROLL

To sum up this branch of the purity question, the following Reformers were unseated for bribery and corruption

committed personally or by agents in the 1874 election :

Shibley,	Cushing,
Jodoin,	Tremblay,
Mackay,	Macdonald (Cornwall),
McGregor,	McNab,
Chisholm,	Wood,
Irving,	Cameron (S. Huron),
Norris,	Walker,
Devlin,	Mackenzie (Montreal),
Coupal,	Stuart,
Biggar,	Kerr,
Murray,	Macdougall (S. Renf'w)
Aylmer,	Cook,
Wilkes,	O'Donohue,
Prevost,	McLennan,
Higginbotham,	Dymond,

THE INDEPENDENCE OF PARLIAMENT.

In Opposition the Reform leaders were strong on the Independence of Parliament. In an address to the electors of East Elgin on the 15th October, 1870, Mr. MACKENZIE said :

"There was, for instance, their neighbour, Mr. Walsh, getting his salary of \$4,000 as a Railway Commissioner ; Mr. McLennan at \$3,000 ; Mr. John Hamilton Gray—vulgarly called 'Colonel' Gray—he being one of the militia colonels—who had got his daily wages doled out to him on the pretences of doing something that they called 'making uniform laws.'"

At London, eleven days afterward, he said :

"It was not right that legal gentlemen should be employed by the Government while they sat in Parliament, and were supposed to represent independent constituencies. The Reform party wanted to put it out of the power of any Government to wield an influence of this kind."

Mr. BLAKE was equally pronounced on this subject. In the Local Legislature he denounced Mr. SANDFIELD MACDONALD for buying blankets for the asylums from the firm with which Mr. BARBER, the member for Halton, was connected, holding that it was a violation of the spirit of the Independence of Parliament Act. In his Lambton speech, in November, 1873, a few days after his elevation to

power, Mr. MACKENZIE reiterated these doctrines, and pledged himself to them :

“ During the last election, it will be remembered, I held two principles chiefly before the electors. No doubt, in the discussion, my language touched upon other topics ; but they were chiefly illustrative of what I consider the basis of our representative system of Government. The first of these principles was that Parliament should be made thoroughly independent of all undue influence in their Legislative actions, and especially independent of the influence of the Executive. * * * I accuse the late Administration of having exercised all their energy, during the whole term of their office, to prostitute the power of the Crown in order to enable them to tamper with the liberty of action of members of Parliament.”

This was a clear and distinct statement of doctrine. But what followed it? In 1875-76, Mr. ANGLIN, Speaker of the House of Commons, received from Mr. MACKENZIE's Government printing contracts which, having no job printing office of his own, he farmed out to CHUBB & Co. of St. John, N. B., pocketing a comfortable margin as "middleman." Here are Mr. Speaker's bills :

1875—St. John Freeman, print-			
ing, &c.....	\$7,196	31	
“ “ “	471	00	
“ “ “	14	00	
“ “ “	300	00	
“ “ “	145	00	
	<u>\$8,126</u>	<u>31</u>	

1876—St. John Freeman, print- ing, &c.	\$3,984 70
“ “ “ “ ..	538 00
“ “ “ “ ..	680 24
“ “ “ “ ..	61 00
	\$10,263 84
Total	\$18,390 25

The Halifax Citizen Printing Company, in which Mr. JONES, member for Halifax, and Mr. VAIL, member for Digby, were largely interested, also received printing contracts from the Government. Their bills were as follows:

Halifax Citizen Co. :

1875—Printing for P. O. Department.....	\$8,140 00
Printing Money Order Offices.....	1,083 75
Advertising.....	25 00
	<u>\$10,199 75</u>

1876—Printing for P. O. Department	13,258 11
Printing Money Order Offices	940 25
Advertising	79 00

Total	\$24,477 70
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A contract for carrying steel rails was given to Mr. NORRIS, the member for Lincoln. Supplies for railway purposes to the amount of nearly ten thousand dollars were purchased by the Government from Mr. McLEOD, the member for Kent, N.B. Nearly forty thousand dollars were paid in 1875-6-7 to Mr. BANNA-TYNE, the member for Provencher. Here are some of that gentleman's items in the Public Accounts for 1877 :

Part 2, p. 115, Provisions, M. Police.....	\$2,859 51
Part 2, p. 120, Oats, &c, M. Police.....	186 20
Part 2, p. 121, Furnishings, M. Police.....	100 00
Part 2, p. 121, Candles, M. Police.....	27 50
Part 2, p. 122, Spirits, M. Police.....	74 50
Part 2, p. 123, Sacks, Rope, &c., M. Police.....	75 90
Part 2, p. 136, Militia-Transport.....	64 24
Part 2, p. 180, Dominion Lands-Supplies.....	12 69
Part 2, p. 209, Pacific Survey-Supplies.....	8,994 36
Part 2, p. 236, Fort Frances Lock-Supplies.....	2,006 84
Part 2, p. 246, Public Buildings, N. W. T. Supplies.....	133 94
Part 2, p. 246, M. P. Buildings, Provisions, &c.....	8,454 17
Part 3, p. 31, Indians—Grain Sacks.....	8 00
Part 3, p. 32, Indians—Flour, &c.....	692 56
	\$23,690 24

Thousands were also paid to Mr. CUNNINGHAM, the member for New West minister, and to Mr. WORKMAN, the member for West Montreal. The following letter of instructions was sent by Mr. BRAUN, the Secretary of the Public Works Department, to one of the Government engineers employed on the Lachine canal :

"PUBLIC WORKS DEPARTMENT,
May 5th, 1876.

"JOHN G. SIFFELL, C.E.,
"Montreal.

"SIR,—I am directed to authorize you to purchase, until further orders, from Messrs. Frothingham & Workman, of Montreal, such iron as may be required in connection with the canals under your charge.

(Signed) "F. BRAUN,
"Secretary."

Now who "directed" Mr. BRAUN to write this letter? The result of this wholesale violation of his Independence of Parliament principle was that the Premier was compelled in order to save Mr. Speaker and some of his best supporters from the pains of the law, to bring in a bill relieving them of the penalty. The stern upholder of the purity and integrity of the Commons had to whitewash the First Commoner and a dozen followers!

PARLIAMENTARY CONTROL OVER CONTRACTS.

Parliamentary control over the Executive expenditure and over Government contracts was a leading principle of the Reform leaders when in Opposition. On the 6th July, 1872 (*vide* *Globe* report of the 7th), Mr. MACKENZIE in addressing a meeting at Montreal said :

"The policy of the Liberal party is to make Parliamentary Government supreme ; to place the Cabinet directly under the control of Parliament ; to take from them all power to use any portion of the people's money without a direct vote for each service. And I might point out as an instance of the course the Liberal party

will pursue, that in Ontario when the Reform Government came into power, they repealed a portion of the act granting aid to railways, so that all grants had to receive the sanction of the House before a farthing could be paid."

At a meeting in Peel two months afterward, *Globe* 21st September, 1872, the Premier said :

"What had been the great issue during the election? It was the same as during the Ontario election of 1871. It was simply to decide whether the thirteen Ministers at Ottawa were to usurp Legislative as well as Administrative authority—were practically to become a political oligarchy at the head of our system of Government. They assumed to have the right to have the money not only voted to them as a Government, but voted to them in such a way as to give them the disposal of it according to their own views."

Now turn to Mr. MACKENZIE in office. *Hansard* 29th March, 1875, reports as follows :

Mr. Mackenzie "moved the second reading of the bill to provide for the construction of a line of railway from Esquimalt to Nanaimo, in British Columbia." He said that the bill as prepared did not require that the contracts should be submitted to Parliament.

This contract involved expenditure amounting to upward of \$2,000,000.

Mr. Irving—I hope this bill will not be taken as a precedent to justify a departure from what has always been understood to be a part of the general policy of the Government, namely, to submit every contract for large works for the sanction of Parliament.

Mr. Mackenzie—That is not the general policy of the Government.

Mr. Irving—The law does not require it, but it was understood to be the general policy of the present Government when they criticised the late Government for not following it in connection with the Pacific railway.

Mr. Mackenzie—The hon. gentleman is mistaken.

Mr. Irving—I do not mean to reflect upon the propriety of any contracts that have been given out. * * * The point is that the country has been led to expect that such contracts would be submitted to Parliament.

Mr. Mackenzie—I am quite sure I never led the country or any one else to expect that all important contracts would be laid upon the table of the House. * * *

Mr. Tupper—I agree with the statement that the country had been led to believe one of the great points of difference between the policy of the present Government and that of the past was that all contracts for works of an important nature would be submitted to Parliament.

Mr. Mackenzie—When did I say that?

Mr. Tupper—I did not say you said so. The hon. gentleman has stated that he did not say so, and I am prepared to accept his statement, because I am not in a position to controvert it.

Though Dr. TUPPER could not put his hand on the speeches of Mr. MACKENZIE from which we have quoted above, Mr. BLAKE remembered them; at least he voted for Mr. RUFUS STEPHENSON'S motion to give the bill the six months hoist, and with him Mr. DAVID MILLS and other Government supporters.

On the 2nd April, 1875, on the question of Pacific railway telegraph contracts, Dr. TUPPER moved:

"This House regrets that contracts have been made by the Government for the construction of the line of telegraph from Lake Superior to Cache Creek, before the location of the line of the Canada Pacific Railway has been determined upon."

To this Mr. KIRKPATRICK added the following rider:

"Contrary to the statute authorizing the construction of said telegraph line, and therefore this House does not approve of said contracts."

Mr. MACKENZIE and his majority voted this down by 101 to 48, but it was significant that Messrs. BLAKE, MOSS,

MILLS, LORNE MACDOUGALL, and other Government supporters fled the House as the division bell rang.

Mr. MACKENZIE also invested two and a half millions in steel rails, years before they were required by the public service, without acquainting Parliament of his intention or asking its approval. Yet in 1871, when the Ontario Legislature had voted \$1,500,000 for railway purposes, Messrs. MACKENZIE and BLAKE demanded to know where and how every dollar of it was to be spent. In December, 1871, Mr. BLAKE moved:

"We feel bound to take the earliest opportunity of informing your Excellency that we regret that the course taken by the Legislative Assembly last session, under the guidance of your present ministers, in reference to the large powers given to the Executive as to the disposition of the Railway Act Fund, and to state that in our opinion the proposal of the Government to grant aid to any railway should be submitted to the approval or rejection of the Legislative Assembly, so as not to leave so large a sum as \$1,500,000 at the disposal of the Executive—without a vote of this House, appropriating the same to particular works."

And Mr. MACKENZIE moved in amendment:

"And we inform your Excellency that we have no confidence in a ministry which is attempting to carry out, in reference to the control of the said fund an usurpation fraught with danger to public liberty and constitutional Government."

Yet, this bold champion of the rights of the people's representatives to control every dollar of the public expenditure, pledged the country to an outlay of \$2,500,000, without even acquainting them of the fact, or submitting the contracts, or asking the consent of Parliament, until the bargain had been completed, and the honour of the Crown pledged to his brother's firm for the rails!

THE STEEL RAIL TRANSACTION.

No subject has been more discussed since Mr. MACKENZIE came into office than his unfortunate purchase of steel rails. A simple record of the facts in this case is all that is necessary to show, first, that the purchase was a most unwise one; next, that it was without the authority of Parliament; and, last, that it was open to the grave suspicion of having been prompted by a spirit of nepotism.

THE ADVERTISEMENT.

It will be remembered that Mr. MACKENZIE'S first proposal in relation to the Pacific railway was to utilize the water stretches. All the railway, therefore, to be built by him was about 45 miles from Lake Superior to Shebandowan, and about 100 miles from the North-West Angle to Fort Garry, and the Pembina branch of about 70 miles, making altogether a little over 200 miles of railway, which he had the immediate intention of building. In the fall of 1874, he advertised for tenders for some rails, and the first suspicious circumstance connected with the matter was the manner in which these advertisements were inserted. It will be admitted that it was a matter of the greatest possible importance that the fullest publicity should be given to any invitation for tenders of this description. The manufacturers of steel rails were in England. Their agents in this country must of necessity communicate with them; and unless, therefore, there was time for that communication, the trade at large must necessarily be put to a very great disadvantage. And yet

we find that the advertisement was dated on the 29th of September, that its first appearance was in the *Montreal Herald* of the 2nd of October, and that it asked for tenders delivered in Ottawa on the 8th of October, so that there were only six days during which merchants could arrange to send in their tenders. No business man will say that that was long enough. The return brought down to Parliament states that the advertisement was inserted in the following newspapers: *Herald, Witness, National, Bien Public, Trade Review, Mercury, Journal de Quebec, L'Evenement, New York Herald, Scotsman, Coal and Iron Record, Globe, and Nation*. Now, as a matter of fact, the advertisement did not appear in the *Toronto Globe* at all. Mr. WHITE, in a speech delivered at Winchester Springs, offered to contribute \$100 to any charity Mr. MACKENZIE might name, if the first advertisement could be shown to have been published in the *Globe*. The *Trade Review* had actually ceased to be published. The *Scotsman, Coal and Iron Record* and *Nation* were all weekly papers, and the time allowed made it impossible that the advertisement, even if inserted in them, could have been of any use. The only papers, in fact, in which the advertisement appears to have been printed were the *Herald* and *Witness* of Montreal. The appearance of the advertisement caused some interest among the merchants of Montreal, and we have the testimony of Mr. THOMAS WORKMAN and of Mr. DARLING that they represented to Mr. MACKENZIE

that the time was altogether too short, and upon their representations it was extended. In his speech in Parliament in the session of 1875, Mr. MACKENZIE cited both these gentlemen as having advised the purchase of these steel rails, upon the ground that the market was in a favourable condition; and yet they both subsequently declared the first they had ever heard of the matter was when they saw the advertisement in the *Montreal Herald*, and protested against the shortness of time allowed to persons to tender. That is the first serious inaccuracy on the part of Mr. MACKENZIE in his defence of this purchase. At their instance the time was extended, and, in the *Herald* of the 5th of October, the postponement notice appeared, giving up to the 16th of November to send in tenders. Even that postponement notice did not appear in the *Globe* until the 13th of October, five days after the tenders were required to be in Ottawa, according to the first advertisement. So much for the manner in which tenders were invited for these steel rails.

THE TENDERS.

Next, as to the contracts. Mr. MACKENZIE has claimed that the lowest tender was in every instance accepted. The tenders which actually were accepted were as follows: GUEST & Co., \$54; Ebbw Vale Company, \$53.53; West Cumberland Company, \$53.53; and Mersey Steel and Iron Company, \$54.26. This last Company was represented by COOPER, FAIRMAN & Co., of Montreal, whose names have been unpleasantly associated with this transaction. It will be seen that their tender was 26 cents a ton higher than the highest of the others, and 73 cents a ton higher than the lowest. Each of these tenders was for five thousand tons, excepting that of COOPER, FAIRMAN & Co., which was for from five to ten thousand tons. And yet the highest tender was awarded the contract for

twenty thousand, while of the others, the Ebbw Vale Company got only five thousand tons, GUEST & Co. ten thousand, and the West Cumberland Co., represented by COX & GREEN, five thousand, the latter at their own earnest solicitation being subsequently awarded an additional contract for five thousand tons more. The tenders were all in accordance with the advertisement for rails to be delivered at Montreal; but there was another tender, of which no notice whatever was taken, from Messrs. DOYEN & RAMSDEN, of Antwerp, whose tender was sent in through McMURRAY, FULLER & Co., of Toronto. That tender was as follows:—

BRUSSELS, 29th October, 1874.

GENTLEMEN.—In accordance with your favour of inst., we beg to offer, subject to your acceptance for 25th prox., one, two or three parcels of 5,000 tons each of Bessemer steel rails of the finest quality at £10 stg. per English ton f. o. b. Antwerp, net cash against B-L in London. These rails can be of any section you like, provided they are not under 30 lbs. per lineal yard. These rails would be of our own make, as we are establishing works for them, would be cut in length to order, branded R. Delivery during period of navigation next year.

Yours truly,

(Signed), DOYEN & RAMSDEN.

No notice was taken of this offer by the Department, upon the ground, as stated by Mr. MACKENZIE, that it was not in accordance with the advertisement; but, if the object had been to secure rails at the lowest price, there is no doubt that this was the best tender of the lot. Antwerp was an exceedingly favourable point from which to obtain freights. There are large imports of grain and petroleum at that port, and usually there is a superabundant supply of tonnage there, both sail and steamer, so much so that it is quite common for vessels to proceed to Wales, or the coal ports on the northern coast of England, in search of coal or iron freights. By

steam, rates ranged from twelve to twenty shillings a ton in 1874 and 1875, and it is not too much, therefore, to say that freights could have been obtained at fifteen shillings from Antwerp to Quebec or Montreal during that season. It will be seen that the offer made was for fifteen thousand tons, and that the price laid down in Montreal would be £10 15s. 0d. Had the fifteen thousand tons gone to the Antwerp firm, instead of to COOPER, FAIRMAN & Co., which would still have left them five thousand tons, there would have been a saving of at least \$27,000. Mr. MACKENZIE, in some of his speeches, has attempted to show that he made an offer to induce the agents of the West Cumberland Company to take the contract for the whole quantity. In a speech delivered by him at Whitby he said: "One firm tendered for 5,000 at \$54; another firm tendered for 5,000 at \$53.24. This firm was the lowest, represented by Cox & Green, if I recollect aright. I pressed them to take the whole 40,000 we then decided to order, but they declined to take more than they tendered for, and Cox & Green have published a letter over their own signatures stating that they were pressed to take the whole contract at the figure they named, that being the lowest." As a matter of fact Messrs. Cox & Green never wrote any such letter. On the contrary, the letter they did write is in direct opposition to this statement of Mr. MACKENZIE. During the controversy which occurred while the Montreal election was going on between Messrs. WHITE and WORKMAN, Cox & Green wrote a letter to the *Herald* explaining their connection with the matter, and in that letter they said: "We prepared a tender for 10,000 tons steel rails, at £11 stg. per ton, delivered here, and without coming any further into contact with the Department, were informed by telegram that

"our tender was accepted." They were mistaken as to the ten thousand, because in the first instance they only received a contract for five thousand, and the correspondence which appears in the return brought down to Parliament shows that they had some difficulty in getting the contract for another five thousand. That correspondence is as follows:

"13 AND 15 HOSPITAL STREET,

"MONTREAL, Dec. 18th, 1874.

"DEAR SIR,—We are to-day in receipt of a cable communication from West Cumberland Iron and Steel Company (Limited), informing us that taking into consideration the favourable terms of payment, they are prepared to increase the quantity of steel rails which they are contracting to deliver from (5,000) five thousand tons, as the quantity now stands, to (10,000) ten thousand tons. We would remind you that our price is the lowest of any, viz: (£11 0s. 0d.) eleven pounds sterling per ton delivered in Montreal. We would now, therefore, respectfully request that you would bring the proposition to the notice of the Minister of Public Works, calling his particular attention to the very low price of the rails.

"Soliciting the favour of a reply,

"We are, Dear Sir,

"Your obedient servants,

(Signed,) "COX & GREEN.

"F. BRAUN, Esq., Secretary,

"Public Works Department,

"Ottawa."

"MONTREAL TELEGRAPH CO.,

"OTTAWA, Dec. 21st, 1874.

"By Telegram from Montreal, to T. Trudeau, Public Works.

"See our letter, 18th December, to Mr. Braun, offering five thousand tons more rails, if wanted; reply quick, as a railroad is in treaty.

(Signed,) "COX & GREEN."

And the following day came this answer from the Secretary:

"OTTAWA, 22nd Dec., 1874.

"Telegram to Cox & Green, Montreal:

"No further steel rails wanted. Thanks.

(Signed,) "F. BRAUN,

"Secretary."

It is not pretended by Mr. MACKENZIE that he made any effort whatever to get the other parties, GUEST & Co., or the Ebbw Vale Company, to accept a larger quantity than they tendered for, so that we have here the lowest tender of all absolutely ignored, at a loss to the country of \$27,000. We have the three next lowest awarded simply the smallest quantity for which they had tendered, and we have the highest of those that received any contracts awarded as much as all the others put together. No one will pretend to say that a record of that kind justified Mr. MACKENZIE's statement that the lowest tender was in every instance accepted.

It will be seen that the tender from Antwerp was rejected upon the ground that it was not in accordance with the advertisement; and yet, after all these tenders were opened, and all these contracts were awarded—when the whole transaction, in fact, in relation to the advertising for tenders had been closed—a private arrangement was made between Mr. MACKENZIE and COOPER, FAIRMAN & Co., for additional quantities delivered f.o.b. at Liverpool. It has been the boast of Mr. MACKENZIE—it was his boast especially in relation to this steel rail purchase—that in every case tenders were invited; but the facts show that in this, as in other statements made in relation to it, he was wrong. The following correspondence will explain this latest transaction:

“MONTREAL, 13th January, 1875.

“DEAR SIR,—In reply to telegram of the 7th inst., we beg to advise you that we have purchased on account of Dominion Government 5,000 tons Bessemer steel rails at £10 10s. Od. f. o. b. Liverpool, cash, against bills of lading.

“We have also contracted freights to Vancouver ports, viz., Esquimaux, Cowichan Bay, and Nanaimo, at £2 5s. Od. sterling per ton.

“The Government assuming the responsibility of freight, &c., which is to say, to

pay shippers, makers not assuming delivery to Vancouver ports.

“Should you require the track bolts for this lot, we can arrange for them and include. We are advised that steel rails are now held at £11 0. Od. We would be glad to be favoured with the address of your bankers in England, to whom we suppose the bills of lading will require to be presented. Kindly confirm the contract as soon as possible, to enable us to cable reply, the necessary documents to follow.

“Yours faithfully,

“(Signed)

“COOPER, FAIRMAN & CO.,

“HON. A. MACKENZIE, OTTAWA.”

“OTTAWA, 21st January, 1875.”

“GENTLEMEN,—In reply to your several communications on behalf of Messrs. Naylor, Benson & Co., I am to state that the Government accepts their offer to supply 5,000 tons of steel rails at £10 10s. sterling per ton f. o. b. at Liverpool, and allows £2 per ton for freights to the Vancouver ports.

“The Agent-General of the Dominion, E. Jenkins, Esq., will see to the insurance.

“Messrs. Morton, Rose & Co. are the financial agents of the Government in London.

“I have, &c.,

“F. BRAUN,

“Secretary.”

“Messrs. Cooper, Fairman & Co.,

“Montreal.”

That was a purchase of rails without any tender whatever being asked for. It was a purchase of rails on terms which had been expressly rejected in the case of the Antwerp tender, and it was a purchase at ten shillings a ton higher than rails were offered for, at the very time of Mr. MACKENZIE's purchase. What would have been the effect of an honest submission to public competition for this new quantity may be inferred from that fact; and what would have been gained by the acceptance of delivery in England instead of Montreal,

may be inferred from the following correspondence, which we find in the return brought down :

" PHILADELPHIA, October 23, 1874.

" DEAR SIR,—In making tenders for 'Steel Rails,' you require deliveries to be made at Montreal.

" I write to ascertain if tenders would be received for rails to be delivered at Liverpool, and all matters of freight and insurance would then be in your hands. This course would bring out greater competition in way of bids, thus reducing prices.

" Yours, truly, *as before*

(Signed) " PHILIP S. JUSTICE."

" F. BRAUN, Esq., Secretary,

" Public Works Department.

" Ottawa, Canada."

" OTTAWA, 27th October, 1874.

" SIR,—In reply to the enquiry made in your communication of the 23rd inst., as to whether the Department would accept tenders for steel rails delivered at Liverpool, England, &c., I beg to inform you that no such tenders would be accepted. In addition to the place mentioned in the specification for delivery the Department would have no objection to tenders for delivery on Georgian Bay, Lake Huron, or Duluth and Thunder Bay, Lake Superior.

" I have, &c.,

(Signed,) " E. BRAUN,
" Secretary.

" PHILIP S. JUSTICE, Esq.,

" No. 14, North Fifth street,

" Philadelphia, Pa., U. S."

There is no doubt of the truth of Mr. JUSTICE's statement, that permitting rails to be delivered f. o. b. at Liverpool, would have greatly increased the competition, and would have had the effect of correspondingly decreasing the price of those rails ; but it is evident that it would not have suited the special object of Mr. MACKENZIE. The public, however, will naturally ask what right Mr. MACKENZIE had, in the first instance, to reject the tender from Antwerp, by which \$27,000 would have been saved, on the ground

that he would only accept rails delivered in Montreal, to refuse the offer of Mr. PHILIP S. JUSTICE to increase the competition by accepting tenders for rails delivered at Liverpool ; and afterwards, by private arrangement, to enter into contracts with COOPER, FAIRMAN & Co., and get the other rails so delivered at Liverpool at ten shillings a ton higher than offered by the Antwerp firm, and by the West Cumberland Company as well.

COOPER, FAIRMAN AND CO.

People will naturally inquire, who were this firm of COOPER, FAIRMAN & Co. to whom these special favours were granted ? What was there in their business which should have secured for them privileges absolutely refused to other firms ? The answer is one which certainly cannot be accepted as creditable to Mr. MACKENZIE. His own brother was a partner in the firm, and to that fact is to be attributed all these special favours. As doubts have been expressed upon this point, it is as well to give here the official notice of partnership.

" [No. 59.]

" Province of Quebec, }

" District of Montreal. }

" We, the undersigned, do hereby certify that we have entered into co-partnership, under the style or firm of " Cooper, Fairman & Company," as merchants, which firm consists of James Cooper, of the city of Montreal, and Frederick Fairman, at present residing at Waterloo, in the said Province, as general partners, and

CHARLES MACKENZIE, of SARNIA, in the Province of Ontario, as a special partner, the said CHARLES MACKENZIE having contributed

FIFTEEN THOUSAND DOLLARS to the capital stock of the said partnership.

Which said co-partnership commenced on the

FIRST DAY OF JANUARY INSTANT (1873.)

and terminates the

FIRST DAY OF JANUARY, 1878.

Dated this second day of January, one thousand eight hundred and seventy-three.

(Signed), JAMES COOPER,
F. FAIRMAN,
CHARLES MACKENZIE.

Signed in the presence of

(Signed), JOHN C. GRIFFIN, N.P.

Filed and registered this seventh day of January, one thousand eight hundred and seventy-three.

(Signed),
HUBERT, PAPINEAU, & HONEY,
P. S. C."

MR. CHARLES MACKENZIE.

But it has been pretended that Mr. CHARLES MACKENZIE had retired from the firm before these transactions took place. Mr. MACKENZIE in his speech in North York, said: "A firm in Montreal, in which my brother was at one time a sleeping partner, were agents of the firms in England who were tendering; but before they became agents at all in this matter my brother withdrew from the firm rather than have the slightest doubt cast upon his integrity in this matter." Now, as a matter of fact, and as proved by the record, Mr. CHARLES MACKENZIE did not retire from the firm until after all these transactions took place. There has been some attempt to mystify this matter by pretending that the notice of dissolution was not inserted at the time the dissolution took place. There is no doubt upon that point, for the notice of dissolution states the time at which the partnership ceased, and that time was after all these contracts had been entered into. Here is the official record which settles that question:

"PROVINCE OF QUEBEC,
District of Montreal."

"We, James Cooper and Frederick Fairman, both of the City of Montreal, Hardware Merchants and Importers, hereby certify that we have carried on and intend to carry on business as such at the

said City of Montreal, in partnership under the name or firm of Cooper, Fairman & Company, and that the said co-partnership has subsisted since the fourth day of May last, and that we, the said James Cooper, and Frederick Fairman, are and have been since the said day the only members of the said partnership. Witness our hands at Montreal this twentieth day of July, one thousand, eight hundred and seventy-five.

(Signed), "JAMES COOPER,
"F. FAIRMAN.

Filed and registered this twenty-fourth day of August, one thousand eight hundred and seventy-five.

"HUBERT, PAPINEAU & HONEY,
"P.S.C."

We have thus the fact beyond controversy, that Mr. CHARLES MACKENZIE was a partner in the firm of COOPER, FAIRMAN & Co., when these extraordinary favours were granted to the firm by Mr. MACKENZIE; that he did not retire until after all the contracts had been made; and it is a fact which nobody has ventured to deny that he received on his retirement promissory notes payable at the Exchange Bank for the \$15,000 which he had put into the firm. It required the proceeds of these transactions to enable COOPER, FAIRMAN & Co. to pay these notes, so that the fact is beyond controversy that the result of all these transactions was to enable Mr. CHARLES MACKENZIE to withdraw his capital intact from the firm, in which, but for that fact, it would probably have been irretrievably lost.

THE LOSS TO THE COUNTRY.

What the country has lost by the mere purchase of these rails has been estimated at not much less than two millions of dollars. The statement prepared by Mr. MACPHERSON on the subject of the loss from this steel rail purchase is as follows, and no man is better qualified to give a statement upon the subject than that honourable gentleman:

"The Profit and Loss Account of the Government Steel Rails speculation may be taken to stand about as follows:—

Cash paid in England for steel rails and fastenings.....	\$2,938,900
The same quantity could have been purchased, deliverable this spring in Canada for.....	1,800,000
Loss on first cost.....	\$1,138,900

Interest to 30th June, 1877, on ascertained payments.....	271,365
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To this must be added the cost of 4,000 tons laid upon the Truro and Pictou railway, a line that would not have been steeled had not the rails been on hand.....

235,120

(The Government has taken authority to transfer this railway to Nova Scotia as a gift to a private company.)

Ascertained loss to the end of current fiscal year, 30th June, 1877.....	\$1,645,385
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Interest is running on at the rate of about \$13,500 per month, and is increasing—I estimate the further loss by interest before the rails are used at.....

\$ 419,169

It may be assumed that the country's loss by this unfortunate transaction, before the interest account can be fairly closed, will not be less than TWO MILLIONS OF DOLLARS!

The rails have been distributed as follows:—

5,000 tons to Vancouver Island, where they are not required.

11,000 tons to Nova Scotia, 4,000 tons of which are to be given away to a private company.

And the remainder are at various places from Kingston to Manitoba."

THE CARRYING CONTRACTS.

We have dealt thus only with the question of the purchase of these rails, but there remains the question of transportation. In April, 1875, Mr. MACKENZIE advertised for tenders to trans-

port rails from Montreal to Fort William or Duluth, and the following tenders were sent in:

1st. E. Samuel, Montreal.....	\$6 00 per ton.
2nd. C. Edward, Kingston.....	6 25 ..
3rd. C. E. Jacques & Co., Montreal.....	6 30 ..
4th. Charles Stephenson, Montreal.....	6 50 ..
5th. Cox & Green, Montreal.....	6 50 ..
6th. Holcombe & Stewart, Kingston.....	6 74 ..
7th. J. H. Beatty & Co., Thorold.....	7 00 ..
8th. W. H. Perry, Buffalo.....	7 00 ..

One would have imagined that, in accordance with the general principle Mr. MACKENZIE has laid down, Mr. SAMUEL's tender would at once have been accepted. He offered as surety Messrs. D. BUTTERS & Co., of Montreal, and certainly no better surety could be offered; and yet, upon the ground that Mr. SAMUEL was not a steamboat owner, his tender was rejected. All the other tenders were also rejected, and an arrangement was made with COOPER, FAIRMAN & Co., who are not steamboat owners, and never have been steamboat owners, for the transport of these rails. The pretence was that in the November previous, COOPER, FAIRMAN & Co., in one of the tenders which they sent in, had offered to deliver the rails at Duluth and French river at \$5.60 per ton extra, exclusive of any harbour or wharfage dues. When Mr. MACKENZIE got in his tenders as stated above, in answer to his advertisement, he appears to have entered into correspondence with COOPER, FAIRMAN & Co., and they then proposed, on behalf of "The Merchants' Lake and Steamship Line," to convey the rails at \$6.20 per ton, including all the charges mentioned in the advertisement. That offer was accepted. It will be seen that it was twenty cents a ton higher than Mr. SAMUEL's offer. Not a very large amount, not a very serious matter, being only a thousand

dollars, but even a thousand dollars, to an economical gentleman like Mr. MACKENZIE, ought to have been worthy of consideration. The most extraordinary fact, however, is that Mr. MACKENZIE, when he determined to refuse these tenders, should have accepted COOPER, FAIRMAN & Co.'s offer of the previous November, and should have ignored other offers which he had at the same time. Here, for instance, was an offer :

"OTTAWA, Ont., Nov. 14th, 1874.

"DEAR SIR,—Should the Government prefer to have these rails delivered at the following points:—Duluth, Fort William and Georgian Bay instead of Montreal, we can deliver them at Duluth or Georgian Bay at \$4 per ton additional, and at Fort William at \$4.75 additional, conditional as to the delivery at points named, that there be a sufficient depth of water for vessels to go thereto, and that the consignees are to unload. Not knowing if it is the intention of the Government to insure the various cargoes on the lakes, we have not included the lake insurance on the inland freights, \$4 and \$4.75, which would be about 16 cents per ton.

"Your obedient servants,

"(Signed),

"PERKINS, LIVINGSTON, POST & CO.,

"Agents of Guest Co."

"The Minister of Public Works,"

This offer was from the agents of GUEST & Co. to deliver these rails at the points named for an additional sum of \$4 per ton at Duluth or Georgian Bay, or \$4.75 per ton for delivery at Fort William. That is, in round figures, at least a dollar less than COOPER, FAIRMAN & Co. offered, and would have resulted in a saving of five thousand dollars. Then again in the tender of T. V. ALLIS, of New York, were the words, "with the option of delivery "at Duluth or Georgian Bay at \$5.00 "per ton additional." That is sixty cents a ton less than COOPER, FAIRMAN & Co., or a saving of three thousand dollars. All these offers were rejected, and a private arrangement made with

COOPER, FAIRMAN & Co., ignoring the tenders sent in, at a loss to the country of between five and six thousand dollars. The proceedings which occurred in Parliament in relation to the seat of Mr. NORRIS, the member for Lincoln, threw some additional light upon this transaction. It turned out from the papers brought down at that time that the Company in whose behalf COOPER, FAIRMAN & Co., pretended to make an offer in April, 1875, was actually not in existence at the time, but that a combination was made in such a way as to confer an important favour upon a member of Parliament who was a supporter of the Government—a favour which subsequently caused him the loss of his seat, in consequence of its being a violation of the Independence of Parliament Act.

COOPER, FAIRMAN & CO., AGAIN.

Then there was another transportation arrangement. Messrs. COOPER, FAIRMAN & Co., who, as we have said are not shipowners, were entrusted with arranging for the transport of rails to British Columbia, where it turns out that they were not wanted in consequence of the policy of Mr. MACKENZIE in abandoning the Vancouver Island railway. No tenders were invited for this British Columbia transport; but the Government had a formal offer on the subject, as will be seen by the following letter :

"MONTREAL TELEGRAPH COMPANY,

"OTTAWA, 11th January, 1875.

"By Telegraph from New York to Hon. A Mackenzie.

"Have just received contract duly executed by Guest & Co., which we forward to you. We learn, through a Transportation Company, that you may want some rails at British Columbia. Will you consider a proposition from us to ship one lot direct there, or for an additional ten thousand tons to be sent there? Please telegraph reply.

"(Signed),

"PERKINS, LIVINGSTON, POST & CO."

That letter was not even replied to ; but an arrangement was made through COOPER, FAIRMAN & Co. for the transport of the rails at £2 sterling per ton. It has now transpired that though the Government paid £2 sterling per ton, the actual price paid the ship, including 2½ per cent. commission to the ship-brokers, was from £1 8s. 6d. to £1 10s. 0d., so that here again was a direct loss of over \$12,000. That there may be no dispute upon this point, we give the following extract from the charter party entered into with one of the vessels transporting these rails, it being at the highest price paid to any of the ships :

"Freight for the said cargo to be paid at the rate of thirty shillings, and five per cent. prime sterling per ton of twenty hundred weight on the quantity delivered. All port charges, pilotages, dock and harbour dues on the ship to be paid on the ship as customary. The freight is to become due and is to be paid as follows, viz. :—Two-thirds in London on ships' final sailing from port of loading, subject to a discount of six per cent. in full of interest, insurance, &c. The equivalent of £350, at the rate of exchange for bids on London at usance, free of interest and commission at the port of discharge for ships' disbursements there ; the balance in London within fourteen days after production to charterers, there of consignee's certificate of unloading and light of delivery of the cargo, less cost of damaged or deficient cargo, payable only to the order of John S. DeWolf & Co. Twenty-five running days to be allowed for sending cargo alongside, and the cargo to be received by the consignees at the rate of not less than fifty tons per running day, Sundays excepted, and when required by the consignees, such extra quantity as may be practicable. Demurrage to be paid at the rate of 4d. per register ton per day. An address commission of two and a half per cent. on the amount of freight under this charter is to be paid to the charterers and may be deducted by them out of the first payment."

LOSS ON TRANSPORTATION.

We again cull from Mr. MACPHERSON the following tabulated statement of the loss on transportation, and adding to it the item, to which we have referred, of ten shillings per ton excessive payment, on the transport of rails to British Columbia, we have an actual loss in the mere matter of transportation of over \$90,000.

On the 5th January, 1875, the Government bought 5,000 tons of steel rails from Messrs. Cox & Green, of Montreal, at £10 stg. per ton f. o. b. in England, and two days afterwards (on the 7th January, 1875,) the Government bought from Cooper, Fairman & Co., without competition, 5,187 tons at £10 10s. per ton, also f. o. b. in England, for British Columbia.

The country's loss by this act of favouritism was 10s. stg. per ton, and amounted to.....\$ 12,604

In November, 1874, Messrs. Darling & Co., of Montreal, tendered for bolts and nuts at \$92.47 per ton, and at the same time Cooper, Fairman & Co. tendered at \$101 per ton. Cooper, Fairman & Co. got a contract for 160 tons.

The country's loss by this act of favouritism was.....1,365

In 1875, Messrs. Guest & Co., of England, supplied to Canada 10,000 tons of steel rails, and when tendering for the rails in November, 1874, they offered to deliver them at Duluth at \$4 per ton more than at Montreal, or, including insurance, \$4.16 more per ton. Messrs. Cooper, Fairman & Co., acting for themselves and on behalf of Messrs. Norris & Neelon, of St. Catharines, and Messrs. Hope & Co., of Hamilton, were paid at the rate of \$6.20 per ton.

The country's loss by this act of

favouritism and mismanagement was \$2.04 per ton on 10,000 tons, and amounted to 20,400

In April, 1875, the Red River Transportation Company tendered for the transport of rails from Duluth to Winnipeg at \$15 (United States currency) per ton of 2,000 pounds. Messrs. Fuller & Milne, of Hamilton, tendered for the same service at \$13.50 (United States currency) per ton, (meaning the usual ton of rails, 2,240 pounds). The Red River Company got the contract, and transported 15,141 tons.

The difference in the rate of freight and in the ton weight amounting to \$3.30 per ton.

The country's loss by this act of favouritism and mismanagement was \$3.30 per ton on 15,141 tons, and amounted to \$49,965 United States currency, and in gold to 44,969

The loss on the four transactions which I have enumerated amounts to \$79,338

SUMMARY.

These rails, sufficient to lay five hundred miles of railway, were purchased in the January of 1874: Purchased without the previous sanction of Parliament, and with no vote of Parliament to justify their purchase. How thoroughly unnecessary was the purchase at that time will appear from the return brought

down during the last session of Parliament. That return had relation to the number of miles actually laid, down to January 1878; and according to the return, on contract No. 13 were 32½ miles laid, on No. 14 there were 6 miles, and on No. 25, 8½ miles, making in all 47 miles, requiring less than one-tenth the entire quantity of rails purchased, and this three years after the contracts were made for those rails. It is true that some ten or eleven thousand tons have been used on the Intercolonial railway, but they were used in violation of the law, because the pretence was that these rails were purchased under the general authority of the Pacific Railway Act. It is true that, in order to get rid of them, the Pictou Branch was laid anew with steel rails, before being handed over as a free gift to a private company; but that, certainly, could not have been in the contemplation of Mr. MACKENZIE at the time he purchased them. We have got, therefore, as a result of this transaction, the fact of a purchase of a far larger quantity of steel rails than can possibly be required, in a falling market, and at a loss to the country of nearly two million dollars, simply that Mr. CHARLES MACKENZIE might be enabled to draw out of the firm of COOPER, FAIRMAN & Co. the capital which he had put into it, and thus escape the loss which the commercial record of the last three years shows must have been inevitable but for these transactions.

THE "ON THE MAKE" POLICY, WITH EXAMPLES.

WHILE the country has been suffering from hard times and national deficits, and groaning under three millions of new taxes levied on the necessities of life, the particular friends of the Government have been "on the make." With them it has been a case of "let us help ourselves, and the devil take the taxpayer."

SENATOR SIMPSON.

Senator SIMPSON, of Bowmanville, President of the Ontario Bank, was one of the uprights of the Party of Purity in its Opposition days. In that dark hour in 1872 when, with victory all but assured, the Party bribers found that they had exhausted their funds in "aiding our city candidates" and "helping the out counties," the Bowmanville Senator was appealed to by Mr. BROWN in terms that leave no doubt as to the familiarity of both gentlemen with the ways and means of effecting a "grand stand," and making a "big push" on polling day. During the general elections in January, 1874, Mr. SIMPSON was asked by Mr. CARTWRIGHT—Finance Minister in the Cabinet which had just gained office by shouting corruption at its opponents—to use his bank's influence in the Government's behalf in consideration of receiving a large share of the Government deposits. He did so. He coerced and intimidated the customers of the Ontario Bank—for how else could the

influence of his bank ledgers have been used?—and, according to agreement, received the lion's share of the deposits the Finance Minister had at his disposal. This was using the people's money to procure the intimidation of the large class of farmers and merchants having dealings with a prominent banking corporation. The facts were set out by Senator SIMPSON himself and other witnesses in the case of the *QUEEN v. WILKINSON*, tried before Mr. Justice GWYNNE at Cobourg on the 25th and 26th of October, 1877.

On the 17th January, 1874, Mr. SIMPSON, as President of the Bank, sent the following circular to its customers:

BOWMANVILLE, Jan. 17, 1874.

Eq.:

DEAR SIR,—Although I am not disposed to oppose Mr. Gibbs on personal grounds in the approaching elections, still as one who has laboured long and hard to promote the interest of Canada, I now ask my friends to support men who will support the present Government, for the following reasons:

"1. For the country's good, and to show to England that the Canadians will not sustain or tolerate men who will barter our rights and stain our character for base and sordid motives."

"2. Because many of the men forming the present Government are my personal and esteemed friends."

"3. Because if the present Government is sustained, I will be able through them

to get justice for our party in needful appointments and otherwise.

"4. Because if they are sustained our bank and other Ontario banks (and through them the country) will have the use of the Government surplus until required."

May I ask you to give my old friend, Mr. Cameron, your candid and hearty support?

I am, yours truly,

J. SIMPSON.

In that contest, Hon. T. N. GIBBS, Vice-President of the Ontario Bank, was opposed by Hon. MALCOLM CAMERON, of Ottawa, the former being the Opposition and the latter the Government candidate. What induced Mr. SIMPSON to come out thus openly and solicit the help of his customers to defeat the vice-president of their own bank and elect a stranger and a non-resident? And how did he become possessed of the information that if the MACKENZIE Government were sustained "our bank and other Ontario banks" and, excellent purist! "through them" "the country" would "have the use of" "the Government surplus-until required?" Mr. SIMPSON himself answered these queries in answer to Mr. D'ALTON MCCARTHY'S cross-examination:

THE CARTWRIGHT-SIMPSON BARGAIN.

Q. Had you had an interview with the Finance Minister before that circular was written? A. I had an interview on the 8th December, 1873.

Q. Are you in the habit of issuing untruthful circulars to influence the electors; or do you try to keep within the bounds of truth? A. I am not conscious of issuing an untruthful circular.

Q. In this you say:

"Because if the Government is sustained, I will be able through them to get justice for our party in needful appointments and otherwise."

"Because if they are sustained our Bank and other Ontario banks (throughout the country) will have the use of the Government surplus until required."

You had some warrant for saying that, of

course? A. I believed we would have justice done us.

Q. You see what you say here. If you had not believed it you would not have said so? A. I had reason for saying what I said.

Q. That if the Government were sustained you would have the Government deposits? A. More equally divided.

Q. From whom did you get that? A. From a number of gentlemen. I went to Mr. Cartwright, and he swore —

Q. Never mind what he swore. Swear for yourself and not for Mr. Cartwright? A. Well, I swear I was told by Mr. Cartwright.

Q. By whom? A. By Mr. Cartwright.

Q. What did he tell you? A. He told me that if the Government was sustained the banks would get a fair quota of the surplus, if they were sustained.

Q. What did he say? A. He said if they were sustained the Ontario banks would have a fair proportion.

Q. Were you speaking of the Ontario Bank, or the banks in general? A. The banks in general.

Q. You did not speak for your own bank more than any other; you spoke as a public duty, for the banks of Ontario? A. Yes.

Q. Exactly. But as a matter of fact you have got most of the loaves and fishes? A. I don't think so.

Q. Is not your bank more highly favoured than any bank in Ontario? A. I don't think it was.

Q. What other bank is equally favoured? A. I don't know any bank that has given the services to the country that—

Q. Never mind about the services; we are speaking of deposits? A. I don't think we are most highly favoured. If services are rendered to the Government—

Q. Leave the services apart from that. I don't want the deposits and the services to be mixed. Has not your bank had more favours from the Government in the shape of deposits than any other bank? And if not, what other bank has been treated with the same consideration? A. I have not the statement here.

Q. You saw the statement every month in the Gazette? A. I saw the Gazette, but I did not look at that particularly

Q. But did not you make it your business to see the *Gazette* and see whether they were not giving you a fair share? We got the Government.

Q. Answer my question. I want to know whether you looked from month to month to see whether the Government were giving you a fair share of the deposits? A. They deposited \$100,000 with us to be sent to Winnipeg.

Mr. McCARTHY—I asked you a question. please to answer it.

His LORDSHIP—Mr. Simpson listen to the question.

The Witness—He wants me to give an answer which I think is unfair.

Mr. McCARTHY—There is nothing unfair in it. You will have the opportunity of explaining it through your counsel; but I cannot be interrupted by your dissertations on public matters. Do you remember what the question was?

The Witness—Whether our bank has received larger deposits than other banks.

Mr. McCARTHY—Well?

The Witness—I believe that we have received larger deposits.

Q. I think we understand that you had a distinct promise from Mr. Cartwright that if the Government was sustained your bank would get a share of the deposits? A. I don't think I used the word "distinct."

Q. Have the Government kept faith with you? A. Yes.

Q. In your locality? A. Yes.

Q. Far out of five constituencies in which you were interested were carried? A. Yes.

The five constituencies referred to were North and South Ontario, East and West Durham and South Victoria. In these ridings the Ontario Bank has agencies and its influence is great.

THE SCIENCE OF MESMERISM.

Having thus agreed with Mr. CARTWRIGHT to fight even Mr. GIBBS in South Ontario in consideration of the deposits bribe, Mr. SIMPSON, besides writing the circular above given, took an active personal part in the contest. Here is his own account of it:

Q. You took an active interest in South Ontario in 1874? A. I did not.

Q. Did you subscribe to any election fund? A. I did not.

Q. Did you go up there during the contest? A. I did.

Q. How often? A. Once.

Q. Where did you go to? A. F. W. Glen's.

Q. Where is Glen's? A. He lives at Oshawa.

Q. Did you see Mr. Glen? A. I saw him.

Q. Did you see Dr. McGill? A. I did.

[Here it may be well to say that Mr. F. W. GLEN is now the Government candidate in South Ontario, and Dr. MCGILL—the gentleman who quarrelled with Mr. GEORGE BROWN in 1867 because of the latter's corruption—is one of his chief supporters.]

Q. At that visit? A. I saw him a dozen times; I stopped three days with Mr. Glen.

Q. During those three days you saw Dr. McGill? A. Several times.

Q. And up to that time Dr. McGill had been a supporter of Mr. Gibbs? A. I think he supported Mr. Gibbs at the previous election.

Q. Did you not also know more than that; did not you know that Dr. McGill was chairman of Mr. Gibbs' committee in Oshawa at that time? A. I do not know that of my own knowledge, nor upon good authority.

Q. You never heard? A. I cannot say that I ever did hear.

Q. You never heard that Dr. McGill had brought two votes to Mr. Gibbs? A. I never heard any such thing.

Q. Did not you know he was supporting Mr. Gibbs? A. I do not know that he had pledged himself to Mr. Gibbs.

Q. But he did not require to pledge himself; he was a supporter of Mr. Gibbs already? A. You know all about it.

Q. No, I do not; that is why I ask you? A. Well, what do you want?

Q. I want you to say whether you did or did not know that he was a supporter of Mr. Gibbs? A. I had been told that he could be got to support some other man.

than Mr. Gibbs; and perhaps if I had not heard that I would not have gone there.

Q. Then you went there for the purpose of getting him to support some other man? A. Certainly I did.

To his LORDSHIP—I went for the purpose of influencing him to do so and to get him to influence others.

Mr. MCCARTHY continued—

Q. You did succeed in getting Dr. McGill? A. I did.

Q. Then you did not know that Dr. McGill was the other way until you got there? A. I had heard that Dr. McGill was what some people would call “on the fence.”

Q. And you got him to get off the fence; and to come down on your side? A. I think that is what it means.

Q. I suppose he is a wealthy man? A. He is reputed to be wealthy.

Q. I believe he succeeded Mr. Gibbs on the Board of Directors of the Ontario Bank? A. He is a director.

Q. But he was not a director at that time? A. I think not.

Q. And he became a director four or five months after? A. I don't know when he became a director.

Q. But you put Mr. Gibbs off and put him on? A. Probably.

Q. Probably? Certainly? A. Well, certainly.

Q. I suppose you have proxies under your control? A. I have no proxies.

Q. But you have a controlling influence, and the directors you propose are elected? A. Unfortunately I have not.

Q. You stayed at Mr. Glen's house? A. Yes.

Q. He had also been a supporter of Mr. Gibbs up to that time? A. No.

Q. Did not he support Mr. Gibbs in 1872? A. I think he did.

Q. And when he came up to be elected after being made a Minister? A. I do not know.

Q. How did you know he would not support him this time? A. I know that because he told me before the general election that he would support Mr. Gibbs no longer.

Q. Then Mr. Glen had gone farther than Dr. McGill; he was not on the fence; he

came down before you got there? A. I take it that he was not on the fence, or I would not have gone to his house.

Q. You don't go to the houses of men who are on the fence? A. No.

Q. You don't care for that kind of men? A. I don't like them.

Q. Mr. Glen is President of the Joseph Hall Works? A. Yes.

Q. Are you on the Board? A. I am not.

Q. Were you at that time? A. I have not been at a meeting of the Board.

Q. I don't ask that. Were you on the Board? Answer me directly. A. I am not on the Board, and I was not, because at every meeting they elected me and I refused to act.

Q. Are they customers at your bank? A. They are.

Q. Pretty largely? A. Pretty largely.

Q. And were they in 1874 in pecuniary difficulties? A. Not then.

Q. When? A. Some time after.

Q. Did they go into liquidation afterwards? A. Some time afterwards.

Q. What do you mean by some time? A. A number of months.

Q. Within a year? A. Within a year.

Q. Then their estate could not have been very prosperous in 1874 if they had to go into bankruptcy that year? A. They had met with losses there is no question.

Q. They were a little shaky at that time? A. Yes.

Q. Were they customers at your bank to a very large amount? A. I don't think you have any right to ask that question.

His LORDSHIP intimated that the question could be put.

The Witness—They were large customers.

Q. Was the interview with Dr. McGill the sole object of your visit? A. No.

Q. Did you attend any meeting while you were there? A. I did not.

Q. Do you remember being in a room one night, and Mr. Glen wanting you to go to bed? A. I do not.

Q. You don't remember bragging of that when they came to congratulate you, and that you got over thirty from the other side? A. I think there were more than that.

Q. How many? A. One hundred.

Q. Where? A. In South Ontario. I think I was the means of getting gentlemen who had sufficient influence to secure 100 votes that night.

Q. On what night? A. The night you are speaking of.

Q. The night you did not go to bed? A. Oh, I did not go to bed till very late any night.

Q. Where was this? A. At Glen's house.

Q. How many were present? A. Sometimes there would be fifteen or sixteen.

Q. Then you had a committee meeting? A. It was not a committee meeting; it was just a gathering.

Q. Was there any chairman? A. No.

Q. It did not require such an officer? A. No.

Q. But they came in and passed out? A. Yes, they passed in and out.

Q. What was the influence you brought to bear upon them? Are you an eloquent man? A. No.

Q. You are not eloquent; then what influence did you bring to bear? A. It was not money, any way.

Q. Well, what was it? A. Oh, a sort of mesmerism. (Laughter.)

SIMPSON'S REWARD.

The effect of his official circular and his own personal exertions was that Mr. GIBBS, the Vice-President of the bank, was defeated in South Ontario, and Government triumphs were secured also in North Ontario and East and West Durham. Mr. SIMPSON acted up to his part of the agreement, and Mr. CARTWRIGHT, on behalf the Government, fulfilled his, as the following figures show:—

	Deposits in Banks in Ontario.	Deposits in Ontario Bank.
1873—31st Dec.	\$797,000	\$180,500
1874—30th June	801,000	396,800
1874—31st Dec.	1,024,000	507,400
1875—30th June	821,000	411,000
1875—31st Dec.	981,000	428,000
1876—30th June	738,000	395,000
1876—31st Dec.	518,000	209,500

The Ontario Bank has a capital of \$3,000,000. The other banks in Ontario have a capital of \$13,000,000. So that

Mr. SIMPSON's bank's share of the Government deposits would be in a legitimate division, about 20 per cent. of the whole. It was 22 per cent. on the 31st December, 1873, but in compliance with the agreement it rose to 48 per cent. on the 30th June, 1874, and touched nearly 50 per cent. on the 31st December, slightly exceeding 50 per cent. on the 30th June, 1875, and reached nearly 54 per cent. on the 30th June, 1876, when the discussion of the scandal in the press and in Parliament led the Finance Minister to reduce the amount gradually. On the average 70 per cent. of the deposits in Mr. SIMPSON's bank after the 31st December, 1873, were deposits on which he paid no interest, i.e., Government money (for which we pay 5 and 6 per cent. in England), of which he had the free use. He has made a heap of money at our expense; but then it is not every man who can control four constituencies in the interest of Purity and Reform.

CABINET MEMBERS.

The following members of the Administration have taken office:

	Salary.
Hon. D. Christie.....	\$4,000
Hon. A. A. Dorion.....	6,000
Hon. D. A. Macdonald.....	10,000
Hon. Luc. Letellier.....	10,000
Hon. D. Laird.....	7,000
Hon. J. E. Cauchon.....	8,000
Hon. T. E. Fournier.....	7,000
Hon. W. Ross.....	3,000

\$55,000

These gentlemen took office to reform the evil statutes passed by the MACDONALD Government, to reform the Civil Service, to reform the number of Cabinet Ministers, to reform the salaries paid under the head of Civil Government, to reduce the expenditure in every branch and to reform the country and the constitution generally; but they left their work undone not to say untouched, and abandoned the people in their dire extremity to "make a piece" for themselves.

M. DE ST. JUST.

M. DE ST. JUST, the chief political agent of the MACKENZIE Government in the Province of Quebec, is very much "on the make." He has \$10,000 a year himself, and he has succeeded in obtaining valuable positions in the Dominion service for nearly all his relations. Here is the record for 1877

Name.	Position.	Salary, Bonus, &c.
M. de St. Just, Lieutenant-Governor of Quebec.....		\$10,000
E. Tetu, Department of Agriculture.....		1,675
J. M. Tetu, Secretary of State Department.....		466
David Tetu, Lighthouse—Anticosti.....		1,088
Ernest Tetu, Customs Collector—Gaspé.....		925
Emile Tetu, Clerk Canada Pacific Railway.....		1,100
Jean Tetu, Emigration Agent—Manitoba.....		2,300
Nazaire Tetu, State Department.....		1,175
Vital Tetu, Trinity House—Quebec.....		345
J. Casgrain, Sessional Writer....		375
H. Casgrain, Department of Agriculture.....		1,175
Louis C. A. Casgrain, P. O. Department.....		450
Dr. F. H. Larue, Analyst—Adult. of Food.....		1,215
Capt. N. Lavoie, Commander "Le Canadien".....		1,843
E. Martineau, Department of Agriculture.....		653
Lieut. Col. Panet, Militia Department.....		3,200
		<u>\$27,990</u>

A. G. B. BANNATYNE, M.P.

Mr. BANNATYNE, M.P., was returned for Provencher on the 31st March, 1875. He ran at the general election in 1874, but was beaten. His case has already been referred to under the head of Independence of Parliament, but he is in every way entitled to figure in the "on the make" chapter. Here are his bills for supplies sold to the Government since the 1st July, 1875, four months after his return to Parliament, as given in the Public Accounts:

1875-76.

Mounted Police, part 2, p. 122.....	\$ 2,563
Do, part 2, p. 133.....	8
Do, part 2, p. 133.....	46
Dominion Forces in Manitoba, part 2, p. 170.....	88
Manitoba Lands, part 2, p. 189.....	34
Pacific Railway Survey, part 2, p. 217.....	7,966

\$10,705

Add to this his bills in 1876-7 as given in detail in the Independence of Parliament chapter, and it will be found that this sound Reformer has, while a member of the House of Commons, drawn no less than \$35,000 from the public treasury.

PIERRE A. TREMBLAY.

M. PIERRE TREMBLAY, the J. D. EDGAR of the sister Province, is willing to run for Parliament in the Party's interest whenever asked. In return for these services he feels that he is entitled to "make" something for himself and relatives. Here they are as given in the Public Accounts and Marine and Fisheries reports for 1877:

Pierre A. Tremblay.....	\$840
Davila Tremblay.....	763
J. A. Gagne, avocat.....	690
Hilaire Tremblay.....	376
Thomas Tremblay.....	322
Louis Guay.....	621
William Tremblay.....	298
John Guay.....	143
Sixteen Tremblays in the Marine and Fisheries Department, aggregating.....	665

\$4,719

ROBERT JAFFRAY & CO.

Mr. ROBERT JAFFRAY, the Party "boss" in Toronto, runs a grocery on Yonge street. His first lieutenant, Mr. HUGH MILLER, is a druggist on King street east near the market, and his second lieutenant, Mr. R. H. RAMSAY, has a grocery on Wellington street. These three gentlemen, being largely out of pocket at every election through putting down bribery and corruption, "make" on the groceries supplied the Government Works between Toronto and Winnipeg, where Mr. BANNATYNE, M.P.,

has a store. Mr. MACKENZIE gives no other western or northern firms—many of whom are hundreds of miles nearer the works—a chance of those particular pickings. Their bills for the past two years are as follows :

1876.	
Mr. Jaffray—Pacific railway groceries, part 2, p. 208.....	\$119
Mr. Jaffray—Pacific railway groceries, part 2, p. 212.....	1,649
Hugh Miller—Drugs for Fort Frances, part 2, p. 247.....	687
R. H. Ramsay & Co.—Pork for P.A. Landing, part 2, p. 215.....	1,629
R. H. Ramsay & Co.—Supplies for Fort Frances, part 2, p. 247.....	399
1877.	
Hugh Miller—Medicines for Pacific railway, part 2, p. 200.....	21
R. H. Ramsay—Provisions for Pacific railway, part 2, p. 201.....	673
Hugh Miller—Medicines for Fort Frances, part 2, p. 236.....	57
	\$5,234

Mr. JAFFRAY dropped out last year. He and Mr. RAMSAY supply the Ontario Government Works on the Burleigh road north of Peterboro'.

MR. DAVID GLASS.

Mr. DAVID GLASS, a London lawyer, was elected to the Dominion Parliament in 1872 by the Conservative electors of East Middlesex. In 1873 he deserted his Party and went over to Mr. MACKENZIE. His treachery was followed by his punishment in January, 1874, when he was defeated at the polls. In 1875, although he knows no more about making or working a telegraph contract than any other lawyer, he obtained the contract for section 1 of the Pacific Telegraph line for \$107,850, although Mr. R. FULLER, who obtained the contract for section 2 and completed it most satisfactorily, offered to do Mr. GLASS' section for \$38,750. Mr. GLASS accordingly "made" \$70,000, a big haul as times go.

MR. DONALD A. SMITH, M.P.

Mr. DONALD A. SMITH was another of the 1873 patriots who "regarded the "honour of this fair Dominion before

"Party obligations," and then took a hand in the plunder. He is said to be one of the principal partners in the Red River Transportation Company. In April, 1875, Mr. MACKENZIE determined to ship 12,000 tons of his steel rails from Duluth to Manitoba. Tenders were called for, and among others the following offer was sent in :

HAMILTON, 16th April, 1875.

SIR,—Noticing your advertisement for tenders to transport steel rails and fastenings to Fort William or Duluth, we have the honour to state that if the Government conclude to take railroad materials to Manitoba *via* Duluth, we are prepared to carry the steel rails and fastenings required for the Pembina Branch, and for the section of the Canadian Pacific Railway, from the crossing of Red River to Lake of the Woods, during the present and ensuing summer, at the following rates (American currency), delivered over the rail, viz :—

From Duluth to any point on Red River between the boundary line and Fort Garry, for *thirteen dollars and fifty cents* (\$13.50) per ton.

From Duluth to the crossing of the Canadian Pacific Railway over Red River, for the sum of fifteen dollars (15.00) per ton.

In either case no custom fees or dues to be charged to us on entering Manitoba.

Provided the Government obtain permission from the American Government to transport the same through their territory without bonds or on our own personal bond.

Payments to be made at the rate of ninety per cent on delivery, and that we be informed of the acceptance of this tender on or before the fifth day of March next.

Our address will be 'Fort Garry' after the 30th inst.

We have the honour to be, sir,

Your obedient servant,

(Signed,) FULLER & MILNE.

F. BRAUN, Esq., Secretary,

Public Works Department,
Ottawa.

The contract, however, was awarded to the Red River Transportation Company at \$15 per ton through, Mr. SMITH's reputed line landing 10,000 tons at St. Boniface, though FULLER & MILNE offered to carry them there for \$13.50. The hon. member for Selkirk and his friends "made" \$15,000 by the transaction.

THE ISSUE BEFORE THE COUNTRY.

It has been shown in the foregoing chapters by evidence taken from the public records that the men now in power are unworthy of a renewal of the confidence of the people. They have violated the pledges on which they obtained the confidence of the country. They have been extravagant where they promised to be economical. They have perpetrated jobs where they inculcated honesty. They have conducted public affairs, more particularly those relating to the public expenditure, more in the interest of selfish partisans than of the taxpayer. Surpluses have given place to deficits; and the deficits threaten to be chronic, although three millions of extra taxes have been imposed. Their management of the great public works has been unfortunate because of their incompetence. Fifteen millions has been spent on the Pacific railway of which at least three and a half millions—the steel rails, the Foster payment, the Kaministiquia fraud and the useless Fort Frances canal—have been absorbed in doubtful purposes; while the hope of rail communication with the Pacific coast is yet very far from even prospective realization. An era of bad times has destroyed many and crippled all our industries; and beyond doubt the rejection of this unhappy Cabinet, and the return of those men who built up Confederation in the first six years of its history, would result in an industrial and commercial quickening. The merchant or the manufacturer has no confidence in the present Administration: they have confidence

in those who from 1867 to 1873 conducted public affairs in a manner that ensured general prosperity. Basing its claims upon this negative policy, upon what Mr. MACKENZIE and his colleagues have failed to do, and on that alone the Opposition ought to receive the confidence of the electors. But they rest their case on a positive and distinct policy. There is a question at issue between the two parties, apart from the failure of one to govern the country as prudently and successfully as the other did, to which the intelligence of the people is directed.

THE QUESTION ABROAD.

When the nations of the earth are exactly equal in armaments and in their ambitions, and agreed in their general policy, we may look for the cessation of war and the coming of the millennium. So when the nations are equal in point of natural resources, of industrial ability, of the power of production and the power of consumption, we may expect the laying aside of hostile tariffs and the establishment of a universal Free Trade Zollverein. But so long as one nation is weaker than another, so long will hostile armaments and tariffs exist; for self-preservation is a fundamental law of human nature. Five-and-twenty years ago, England, having by three centuries of the most careful Protection, developed her resources until she feared no competitor, put aside her tariffs and blandly asked the other nations, weaker than herself in all that makes nations great, to follow her example.

But what has been their answer? It is inconceivable to suppose that CORDEN and PEARL surpassed all the other statesmen in the world in wisdom, or that the latter should have failed with one accord to believe in Free Trade had it been in the interest of their respective countries to adopt it. Their unanimous refusal, then, to follow England's example must be based on their conviction that what was good for her is not good for them. France, Germany, Russia, Austro-Hungary, Italy, and little Belgium, admire England's doctrine in the abstract, but reply to the "doings" of the Manchester School that they cannot become Free Traders because they cannot afford it. They do not control the world's wealth, the world's marine, and the vast capital which her three hundred years of high tariffs, coupled with her own natural wealth, centred in England; and their circumstances being different, as they are yet weaker than she, they cannot afford as yet to compete with her on equal terms. They must keep up a tariff armament because, unprotected, their markets would fall an easy prey to her superior wealth and strength. So, also, say the statesmen of the United States.

THE "REFORM" VIEW.

Canada is a country of four millions, composed of a string of Provinces, as yet, from a commercial point of view, but little used to each other's company. Our only neighbour is an enterprising and aggressive nation of forty-five millions of people. She surpasses us not only in the artificial wealth which eleven times our population gives her, but in the extent and variety of her natural productions, for her climate embraces the frigid and torrid zones, and she has a marvellous wealth of coal and iron. This nation, feeling her home markets insecure against England, three thousand miles away, maintains a high tariff. Canada, joining this great nation from end to end of the four thou-

sand miles of frontier, has a very much lower tariff, a mere revenue tariff; and the men now in power pretend to say that Protection against greater wealth and greater manufacturing ability is a humbug; that in protecting themselves against Free Trade England because of her superior powers (with which Protection long and unflinchingly maintained endowed her) France, Germany, the States and all the rest have gone mad; that their statesmen are blind and their experience a chimera; that the armament of the weaker against the stronger is a monstrous doctrine; and that we with our revenue tariff ought to be able to meet the Americans and hold our own from one end of the frontier to the other.

On what is this sweeping assertion based? It is based, says Mr. Mackenzie, on the fact that England can afford to be a Free Trader. But is Canada England? Have we her wealth or population or resources? Have we fortified ourselves by three centuries of high tariffs? Has England lying along her frontier a neighbour possessing at least ten times her wealth and population, with a high Protective tariff, pouring over her border its surplus production, killing off her industries by organized competition and swamping her agricultural and manufacturing markets with the products of its richer soil and better equipped and more numerous factories?

The assertion, then, is based on the theory that because Free Trade is alleged to be good for England, it must also be good for Canada, all other things being unequal to the contrary notwithstanding.

But what is our own experience, for after all that is the test? The history of our industries since 1873 tells the tale. Many have been utterly wiped out by American competition. All have suffered. Our tea and sugar trade are gone. Our foundries and rolling mills are closed. Except those who own patents, which guarantee them against

American competition, all our manufacturers have suffered and through them the mechanic whom they employ and through him the farmer and storekeeper who clothe and feed him. The manufacturing and commercial record of the country for the past five years is a terrible witness against this one-sided system. The volume of trade has fallen, according to Mr. CARTWRIGHT, from \$218,000,000 to \$168,000,000. The liabilities of the bankruptcies from 1874 to the end of March last amounted to nearly \$100,000,000. We have reached the period of dire distress when deficits in the revenue have become chronic and we can no longer pay the Sinking Fund of the National Debt except by further borrowing from the capitalists of Lombard street, to whom we already stand indebted to the extent of \$40 ahead. In two years the revenue has come short of the expenditure—which Mr. CARTWRIGHT says cannot be cut down—to the amount of \$3,460,000, and a third big deficit is imminent. Chronic deficits like these cannot fail to impair our credit, even with a Minister of Finance capable of exhibiting the “silver side of the shield” only. Meanwhile the surplus products of the American loom, mine, and workshop are pouring into the country to the despair of the Canadian manufacturer and mechanic, while our products, the products of the four millions, are debarred by the high tariff the market of the five and forty millions.

THE ISSUE.

When this crisis first dawned, Sir JOHN MACDONALD, against whose love for Canada even Mr. BROWN has never uttered a slander, rose in Parliament and said: “Let us protect ourselves. Let us, the weak nation, put on a tariff armour against the strong neighbour that threatens to destroy us. In that way, by building up our native industries, we shall restore to our people the essential home market,

“afford them a chance of competing with the Americans, give employment to our mechanics, and hope to our farmers, and by thus helping along a return of general prosperity, restore also the splendid surplus of Revenue over Expenditure which marked our history from 1867 to 1873.” It was asked of him, “Why did you not insist upon a Protective tariff when you were in power?” His answer was: “First, because from 1854 to 1866 we had reciprocity; secondly, because from 1866 until the time I left the country in Mr. Mackenzie’s hands, the circumstances resulting from the war in the United States rendered their keen competition with us impossible.” His policy, as set out in 1875, 1876, 1877, and 1878, is well expressed in his motion of last session:—

“That this House is of opinion that the welfare of Canada requires the adoption of a National Policy, which, by a judicious readjustment of the Tariff, will benefit and foster the Agricultural, the Mining, the Manufacturing and other interests of the Dominion; that such a policy will retain in Canada thousands of our fellow-countrymen, now obliged to expatriate themselves in search of the employment denied them at home; will restore prosperity to our struggling industries, now so sadly depressed; will prevent Canada from being made a sacrifice market; will encourage and develop an active inter-provincial trade, and moving (as it ought to do) in the direction of a reciprocity of Tariffs with our neighbours, so far as the varied interests of Canada may demand, will greatly tend to procure for this country, eventually, a reciprocity of trade.”

The answer of Mr. MACKENZIE and his colleagues was that they saw no way of restoring prosperity, and that they were Free Traders. They gave this answer in 1876, and Sir A. T. GALT, no mean authority, wrote to Mr. MILLS, a member of the Cabinet: “The real question

"at issue is whether the present tariff is the best possible for the present circumstances of Canada. You (the present Government) by your inaction assume the affirmative, and must consequently be held to the position that when unexampled commercial suffering exists in the country, you can, as a Government, do nothing whatever to relieve it. You allege that the causes are beyond your control, and that nature must supply the remedy. I take the contrary position, and affirm that the present tariff is eminently artificial, and therefore open at all times to beneficial changes, and that in a period of severe distress the duty of the Government is to try the effect of changes. It has a most gloomy and depressing influence upon the mind of the country for the Parliament to assume the attitude of admitted incapacity to afford relief." They gave the same answer in 1878. Mr. CARTWRIGHT, in his Budget speech of the 22nd February, 1878, proclaimed the Free Trade doctrine, and upheld the one-sided tariff system throughout.

This then is the issue—Protection against the forty-five millions who shut us out of their markets while they are allowed to enter ours almost at will, or One-sided Free Trade which bars us out of their markets and opens our gates to them? One-sided Free Trade, simply because England with her colossal wealth can temporarily stand it against weaker neighbours, or Protection to our own people, founded on their experience of battling in vain against a rich and aggressive neighbour with a high tariff? Experience or Theory? That is the simple issue.

THE ONE-SIDED TARIFF.

The following table shows the difference between the Canadian and American tariffs, the excess of the latter over the former being what Canadians have to pay as an extra premium for using the United States market:—

	Canadian Duty.	American Duty.
Wheat.....	Free	20c per bush.
Rye and barley.....	Free	15c per bush.
Indian corn and oats.....	Free	10c per bush.
Wheat flour.....	Free	20 per cent.
Rye flour and cornmeal.....	Free	10 per cent.
Oatmeal.....	Free	4c per lb.
Potatoes.....	10 ¢ ct.	15c per bush.
Live animals.....	10 ¢ ct.	20 per cent.
Coal.....	Free	75c per ton.
Salt.....	Free	In packages 12c per 100 lbs ; in bulk 8c per 100 lbs.
Wool.....	Free	25 to 50 per cent.
Pig iron.....	Free	\$7 per ton.
Bar iron.....	5 ¢ ct.	35 to 75 per cent.
Plate and boiler iron.....	5 ¢ ct.	\$25 and \$30 per ton.
Iron rails.....	Free	\$14 per ton.
Steel rails.....	Free	\$25 per ton.
Bricks.....	Free	20 per cent.
Trees, plants and shrubs.....	10 ¢ ct.	20 per cent.
Flax, dressed.....	Free	\$40 per ton.
Flax, undressed.....	Free	\$20 per ton.
Flax seed.....	Free	20c per bush.
Starch.....	2c ¢ lb.	1c per lb. and 20 ¢ cent. ad val.
The following articles, all of which in our tariff come under the general figures of 17½ per cent., are by the American tariff, charged with the rates undermentioned:—		
Wood Screws.....	56 to 60 per cent.	
Saws.....	40 to 50 "	
Cars and Locomotives.....	35 "	
Cotton yarn.....	46 to 60 "	
Spool thread.....	41 to 81 "	
Silk cloth.....	50 to 60 "	
Machinery.....	35 "	
Stoves and iron castings.....	30 "	
Woollen cloth.....	66 to 70 "	
Flannels and blankets.....	85 "	
Ready-made clothing.....	35 to 30 "	
Carpets.....	50 to 84 "	
Alpaca goods.....	85 "	
Heavy cottons.....	40 "	
Finer cottons.....	50 to 70 "	

Linen cloths..... 30 to 40 per cent.
 Rubber and leather
 goods, furgoods, glass
 bottles and lampchim-
 neys, clocks, furniture,
 carriages, envelopes,
 writing paper, room
 paper, felthats of wool,
 guns, rifles, pistols,
 umbrellas, and para-
 sols..... 35 ..

If Canada had the American tariff and the Americans had ours, matters would be about equal, allowing for their greater wealth, &c., but with the tariff as well as the wealth, population, producing power and resources in their favour, the arrangement must strike the dullest mind as being essentially one-sided.

THE FARMERS.

This is so apparent, the injustice of the system is so keenly resented in the manufacturing centres of the country, that the members of the Government have practically given up preaching one-sided Free Trade to the manufacturer and mechanic, and are devoting themselves to the farmer. But the Grangers who have studied the question on its merits, and without regard to the contentions of the rival politicians, are, as a rule, convinced of its absurdity and unfairness. The Grangers' petition to Parliament in 1876 set out :

"That whereas agriculture is a prominent interest of this Dominion, and the prosperity of all classes largely depends upon the success of the farmer, it is desirable to enact such laws as shall insure that success.

"As practical farmers we cannot but view with regret our markets filled with American produce free of duty, while Canadian produce heavily taxed when sent to the United States markets.

"Your petitioners respectfully pray for such protection as will secure the home market for the home producer ; or, that the same rate of duty be levied on all agricultural products coming into the Dominion from foreign countries th. t is imposed

by said foreign countries upon our produce."

Mr. HILL, Master of the Dominion Grange at that time, testified in answer to the ORTON Committee :

"Do you think the farmers of Canada would be benefitted were the Canadian Government to impose upon the United States farm produce entering Canada for consumption a duty corresponding to the duty levied by the United States Government upon Canadian farm produce exported into that country ?"

"I do."

The following letter was sent by Hon. M. JOLY, the "Liberal" Premier of Quebec, and himself a practical farmer to that Committee :

QUÉBEC, March 24th, 1876.

G. T. Orton, M. P., *Chairman Agr'l Com.*

MY DEAR DOCTOR,—I only received to-day a printed form of questions from your Committee, in the labours of which I take a deep interest, and hasten to send you my answers. I am afraid they are rather lengthy, but I must acknowledge that I feel some satisfaction in being allowed to give my views on the subject, however little weight they may carry.

It is a sort of a protest against the accusation of inconsistency which has been brought against me during this Session in the House of Commons and in the Press, for having given up the main plank of the platform of our Parti National. We claimed, above all things, a National Commercial Policy. My friends have been twitted with having given it up, and I was brought in as the leader of the Parti National, but I have not given it up.

If I remember correctly, you helped me in 1873 to obtain the exemption of duty for the beet-root sugar manufacture, and I hope you will approve my views on the subject.

I remain, my dear Doctor,
 Yours sincerely,

H. G. JOLY,

M. JOLY's replies to the Committee's questions were as follows :

Q. Is it in the interest of the Dominion

that we should continue to admit American produce free, while Canadian produce exported over the border has so heavy a tax levied on it?

A. No, it is against the interest of Canada. I humbly think we should not admit anything free of duty except the raw material required for our manufactures.

Q. What duties, if any, would you impose on flour and various grains and other foreign farm products; or what guiding rule as to such impositions of duties would you advise?

A. I would respectfully recommend to lay aside all abstract theories, and to adopt no other rule but that of our own interest.

Q. What effect has free admission of Indian corn on price of coarse grains in your section of country?

A. We are not much affected in our part of the country, because unfortunately we do not produce much more than is required to supply our own wants; but it appears to me that wherever the farmer produces more than he requires for his own use, and has a surplus for sale, he must suffer by the competition. It is true the purchasers, among whom the manufacturers and the workmen ought to count for a very large proportion, may buy a little cheaper than the farmer, but as a natural consequence, they will have to sell their goods cheaper to the farmer, whose purchasing powers are diminished. It is not by cheapening everything we can hope to attain national wealth. The dearer we pay, the better for us, provided our paying power keeps pace with the increase of price. Ask a workman which of the two he prefers—flour at \$4.50 a barrel and no work, or flour at \$6 and plenty of work. Farming and industry are a good strong team when they are driven together. Divide them and you have a one-horse concern, or rather two that will not do anything like the work of a good strong double team.

Q. Do you advise legislation with a view to establishing and promoting in Canada, the cultivation of sugar-beet, and the manufacture of sugar therefrom; also cultivation of tobacco and flax? And what legislation would best conduce to the end in view?

A. The House of Commons in 1873 expressed itself in favour of exemption from duties for a certain number of years of the beet-root sugar manufactured in Canada. I think nothing could be more efficacious for promoting that industry. True that, so far, it has not taken root in the country, but strenuous efforts are made to introduce it. The difficulties are great, greater even than in France, Belgium and Germany, but I trust they will be overcome, and rely especially on that exemption from duties as the greatest encouragement that can be given. As regards tobacco, the tax on Canadian grown tobacco yields but a very small revenue, while it hinders the cultivation. It ought to be abolished and the tax on imported tobacco increased. We can produce very good tobacco in Canada. I see no reason why ours should be inferior to the Connecticut or Kentucky. All we want is experience, which can only be acquired by practice, and no one will grow tobacco on a large scale with the present tax.

As for flax, its cultivation will never be profitable without linen factories, and those who have a practical knowledge of the subject know how difficult it is to work profitably a linen factory in Canada under present circumstances.

Q. Do many of the sons and daughters of farmers in your locality, whose taste or physical capacity lead them to desire other employment than farming, seek employment in the United States? If so, what remedy would you advise?

A. A great number of people leave our part of the country every year for the factories in the States, and will continue to do so as long as we cannot give them work. Of course our market is too limited to employ them all; but, limited as it is, we could employ a good many more than we do if we kept our market to ourselves, which we ought to do, since the United States refuse to open their market to us.

Q. Does the free importation of American flour, without reciprocity, put you at a disadvantage as compared with American competitors? And if so, state reasons.

A. I think those who have grain for sale must feel it seriously.

Q. Have you found grinding in bond convenient and practicable and fair to all parties concerned, and would you recommend it in case of the imposition of a duty on foreign wheat?

A. No.

Q. As an *ad valorem* duty of 20 per cent imposed in the United States on flour against the fixed specific duty of 20 per cent per bushel on wheat, generally operates as a discriminatory tariff against the Canadian miller, would the establishment of discriminatory duties by the Parliament of Canada, in your opinion, be advisable?

A. Yes.

Q. Do you think the admission of American horned cattle, horses and sheep into Canadian markets at a 10 per cent duty, while the United States impose a 20 per cent duty on similar animals sent from Canada, acts injuriously on Canadian farmers? And would you recommend a similar duty to that imposed by the United States?

A. Yes.

Q. Can the Canadian farmer raise profitably all the grain required to fatten his stock, or will it pay him better to buy Indian corn?

A. With a good system of farming we ought to produce enough to fatten our cattle.

Q. What articles produced on the farm require a home market for their sale?

A. All bulky articles.

Q. What changes, if any, are required in legislation to make agriculture a more desirable and profitable occupation for the people?

A. Give up all abstract notions and study the real interest of the farmer and manufacturer; they ought to go together.

THE experience of the farmers of Canada, as given in these and many other narratives, of which space forbids the publication, is that of the manufacturers, viz., that the one-sided system is not a fair shake. The farmers and manufacturers of England are beginning to make the same discovery. Already a formidable movement in favour of re-

ciprocal tariffs has grown up there, and the press, though intensely Free Trade, admits that the movement is likely to flourish. Sheffield finds American axes and cutlery in England, while she is unable to enter the United States, and so on in almost every branch of trade, even to calicoes and cottons. France and Belgium are also vigorous and successful competitors. The experience of Germany is also against the one-sided system. The Imperial speech from the throne at the opening of the German Parliament, on the 30th October, 1876, was thus summarised in the cable despatches, published in the Canadian papers the day after: "The Imperial speech mentions the general depression of trade and industry in Germany many and throughout the world, and states that the object of the Government's commercial policy will be the protection of German industry from the prejudicial effects of one sided customs regulations in other countries. This object will be kept specially in view in the impending negotiations for the renewal of commercial treaties." In April last BISMARCK resolved to dismiss certain of the Federal Ministers who, although their Free Trade experience was by no means a happy one, yet clung to the theory with a fanaticism worthy of certain Canadian statesmen. The London *Standard* thus summarised his reasons in his own words: "I have given Free Trade a fair trial, and it does not seem to have benefitted the country, commercially, industrially, or financially. I am overwhelmed with lamentations respecting the decline of trade and the decay of manufacturing enterprise, and with assurances—from people for whose judgment in such matters I entertain the highest respect—that partial and moderate Protection will remedy these evils. Therefore I also propose to give Protection a chance of ameliorating the conditions of the

"manufacturing and operative classes,
 "and of lightening the load which the
 "budget unquestionably lays upon the
 "shoulders of the nation. As certain
 "of the Ministers with whom I have
 "hitherto worked on my former plat-
 "form will not range themselves by my
 "side on my new platform, I must rid
 "myself of them, and get others in
 "their place, who will carry out my
 "resolves."

WHO PAYS THE DUTY ?

In hope of bothering the farmer in his study of the one-sided system, the ultra Free Traders in the Cabinet and its press maintain (although it is pretty certain they don't believe it) that the American consumer pays the difference between the two tariffs. But this is American authority on that subject. On the 23rd July, 1868, the Collector of Customs at Oswego wrote to the Treasury Department:—

"The effect of the abrogation of the Reciprocity Treaty, in my opinion, has been the addition of several millions of dollars to the United States revenue at the expense of our Canadian friends. * * * As it now is, the import duty is paid by the Canadian producer or manufacturer, and not by the American consumer. Any reduction in the rate of duties on importations from Canada would benefit them just as much, and would not lower the market value here."

The Collector at Buffalo writes, under date of Dec. 18, 1868 :

"The termination of the Treaty of Reciprocity between the United States and the Canadian Provinces, and the subsequent imposition of duties under the tariff enactments on articles of importation, has been a source of large revenue to the United States Government, the burden of which has been borne by the foreign producer or manufacturer; and any abatement or reduction of duties would, of course, redound to the advantage of such producer or manufacturer, and would not tend to reduce the value of the articles imported into this market."

Under date of December 28th, 1866, the United States Consul at Clifton wrote to the Treasury Department :

"The amount of exports, with the exception of lumber, to the United States, can have little effect upon the markets of the latter country, and the result is that the duty paid on such exports is borne wholly by the producers, who, in receiving the benefits of the markets of the country, are thereby compelled to bear a portion of the burden of contributing to the support of its institutions."

"In this way," says an American writer on the trade question, "the people of the Dominion annually contribute out of their own pockets from eight to ten millions of dollars towards defraying our national expenses." The other day the *Toronto Globe*, not in its editorial columns or tariff notes, for that would have been heresy, but in its honest commercial report proved this of the wool trade; and every farmer who lives or trades on the frontier or who has any acquaintance with the subject, knows that this is relatively true also of every agricultural product—the American duty is paid by the Canadian whose price is docked of the amount of the duty per bushel or otherwise.

GENERAL OBSERVATIONS.

Protection has been so thoroughly discussed in the press and country of late that it is not necessary to enter upon the great subject at length here. In the admirable pamphlet written by Mr. R. W. PHIPPS, the arguments on both sides are discussed with singular clearness and ability. The *Chicago Journal of Commerce* eloquently says : "The history of all the past shows that all the strong and great, thrifty and influential, progressive and successful nations have been precisely those which have always carefully and jealously guarded their own interests, and perseveringly promoted and encour-

"aged; and shielded their citizens in all
 "their industrial enterprises. Every
 "Government owes this to its people—
 "to its manufacturers no less than to its
 "farmers—to the man who builds a
 "factory as to the man who builds
 "a barn. He who sows a field
 "and he who converts raw materials
 "into finished products equally re-
 "quires the firm basis of the institutions
 "and the laws of their common country
 "for the successful prosecution of their
 "several employments. Duties on imports
 "constitute the only effectual form in
 "which adequate Protection can be given
 "to the home manufacturer; and this
 "form by its reflex action ripens into Pro-
 "tection for the farmer, the transporter,
 "the merchant and the professional man.
 "All classes gradually partake of the
 "benefit of a protective tariff. The bene-
 "ficial influences are more widely and
 "strongly felt the longer the system is
 "continued in full force. This uniform
 "effect relieves it from the charge of
 "being class legislation, and raises it to
 "the dignity of means for promoting the
 "general welfare, thus bringing it fully
 "within the sphere of obligation on the
 "part of Government to its people.

"Protection and Free Trade, which
 "are convertible terms for high duties
 "and low duties, are, in their last
 "analysis, only different forms of
 "Protection, having reference to
 "different parties to be bene-
 "fitted. Protection or high duties
 "means protection for our *home* manu-
 "facturers against the ruinous encroach-
 "ments and over-mastering competition
 "of manufacturers in other and distant
 "lands. Free Trade or low duties means
 "protection for *foreign* manufacturers
 "against the rivalry of our native manu-
 "facturers in the latter's domestic market.
 "No matter how a tariff may be framed,
 "the result must be protection to our own
 "people, or else to the people of other
 "countries. If the interests of the former
 "are preferred, the tariff will be imbued

"with protective principles; if the in-
 "terests of the latter are consulted, then
 "the tariff will be imbued with Free
 "Trade principles. This is unavoidable.
 "Now, why should a Government refuse
 "or neglect to make the industrial welfare
 "and advantage of its own citizens the
 "paramount consideration? Why should
 "it belittle or retard the well-being of the
 "citizen to enlarge or advance the well-
 "being of the alien? Why should it not
 "provide and enforce such a tariff of pro-
 "tective duties as will secure our home
 "markets against the desperate and disas-
 "trous floodings of foreign competition?
 "Can anybody give a reasonable defense
 "of discrimination in favour of strangers
 "and aliens, who have no personal stake
 "in the prosperity of our country, who
 "pay no taxes to support its Govern-
 "ment, who are not amenable to its
 "enactments nor to the process of its
 "courts, who do not defend it against in-
 "vasion, and who are in every way beyond
 "its jurisdiction? It seems preposterous
 "to legislate against the industrial in-
 "terests of our own people; yet this is
 "exactly what the Free Traders demand;
 "and they are never so well satisfied as
 "when benefits and privileges are taken
 "away by unprotective tariff legislation
 "from our own citizens to confer them
 "upon foreigners. For as much as
 "somebody must be protected—either
 "the citizen or the foreigner—common
 "prudence no less than wise statesman-
 "ship suggests that Protection should
 "be accorded to the man at home, not
 "to the stranger abroad."

In this country we have reached a
 crisis when we must either protect our
 own people and their industries or fall a
 prey to the Americans, who are rapidly
 killing off Canadian manufactures and
 emptying our country of its mechanics,
 to the great loss and detriment of the
 revenue and the general resources. Sir
 JOHN MACDONALD proposes a National
 Policy of Protection. Mr. MACKENZIE,
 arguing that because Free Trade pre-

WORDS FROM AN OLD REFORMER.

The following is an extract from the address of Mr. Hay, the National Policy Candidate in Centre Toronto. Mr. Hay is the largest furniture manufacturer in Canada, and was for forty years identified with the Reform Party. His words carry weight :—

In years past, as most of you are aware, I was associated with the Reform party in this Province. I supported that party because I believed that in carrying out the professions then made its leaders would promote the welfare of the country. I have left it because I have found those leaders unfaithful to their professions in every important respect—especially in their extravagant and wasteful management of the public funds—and because I am well satisfied that the commercial policy to which they are now pledged will, if persisted in, prove ruinous to our best interests and destroy the future of Canada.

I have adopted the principles of, and joined hands with, the Opposition, because I am at one with its leaders on the vital question of a national policy, and because the experience of the last five years has convinced me that, under their rule, we may expect far wiser statesmanship and a greater prosperity than we can hope for, from the men now in power. So long as the present unfair and one-sided tariff relations with the United States subsist, no Canadian industries can flourish, exposed as they are to ruinous competition whenever it may suit the Americans to make our country a slaughter market; while we, through their prohibitory tariff, are denied the opportunity of even legitimate trade with them. No business man, be he farmer, manufacturer, or other employer of labour, can flourish while the country is distressed. And when the employer suffers, the men whom he employs, and the community in which they live suffer also. Under our present system I am well assured that our condition cannot improve, and that the country must become poorer and every industry more unprofitable, and that, a further contraction of business must take place, accompanied by a consequent

reduction in the number of those employed and the wages they receive. Our present rulers are either unable or unwilling to take any action to remedy this disastrous state of things, and at the same time are increasing enormously our annual expenditure, so that we shall have to face a deficit this year equal at least to those of the two previous. Five years more of a like management of our affairs will bankrupt our national credit, and most seriously prejudice the position of the people individually. These convictions are not singular with me, but are held by many who have heretofore acted with the Reform party, and who join with me in thinking that the welfare of the country is more to be desired than the promotion of party interests. Under these circumstances, then, I may surely feel encouraged in seeking to promote so far as I may, such an alteration in our commercial policy as shall secure the extension and prosperity of our Canadian industries of every kind, agricultural, mining and manufacturing, rather than their contraction and decay.

I am also strongly in favour of a most thorough system of retrenchment and economy in the public expenditure. Unless this is done we can in no wise remedy the evil caused by the extravagant course pursued during the last four years. The present Government, although pledged to economy and retrenchment, has largely increased the cost of every branch of the public service and added enormously to the national debt, and this too in the face of a waning revenue and a general distress. I shall, therefore, if elected, endeavour to bring about a substantial reduction in the cost of governing the country, which at present I hold to be wholly out of proportion to our means, feeling assured that under a prudent system of economy, and with a wise commercial policy, our present unfortunate position may be entirely reversed.

Further than this, I am prepared, in accordance with the principles I have always professed, to resist to the uttermost any attempt to encroach on the well established principles of Parliamentary control and responsible Government, as any such action strikes at the very basis of our constitution.

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